هكذا من الأصل

FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 27,932 Friday August 3 1979 ***20p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 4.25; FRANCE Fr 3.5; GERMANY DM 2.0; ITALY L 700; NETHERLANDS Fl 2.0; NORWAY Kr 4.25; PORTUGAL Esc 35; SPAIN Pta 60; SWEDEN Kr 3.75; SWITZERLAND Fr 2.0; EIRE 20p

NEWS SUMMARY

GENERAL

500 typhoon deaths feared

About 500 Vietnamese boat people were feared drowned in the South China Sea, victims of Typhoon Hope which lashed Hong Kong yesterday.

A Government spokesman in the British colony said that nothing had been heard of the refugees since they were reported heading for Hong Kong in three fishing boats after being turned away from Macao by Portuguese authorities.

Three people were killed and 258 injured in Hong Kong as the typhoon struck. Roads were flooded, houses damaged and communications and power supplies disrupted.

Police swoop

Police arrested 30 people in 50 separate raids in London, Surrey and Buckinghamshire after investigations into a massive international financial conspiracy involving hundreds of thousands of pounds.

Rhodesia debate

Black Africa's "frontline" states hope that the elements for a new internationally acceptable constitution for Zimbabwe Rhodesia will be worked out during today's Commonwealth Conference debate in Lusaka on the rebel colony. Page 3

Cossiga to try

Former Italian Interior Minister Francesco Cossiga, who resigned following the murder of ex-Premier Aldo Moro, accepted a mandate to form a new government in yet another bid to end Italy's 188-day-old government crisis. Back Page

Accident report

The Three Mile Island nuclear reactor accident in Pennsylvania in March could have been prevented had the plant's operators followed standard safety procedures, according to a Nuclear Regulatory Commission report. Back Page

Soldiers killed

Two soldiers travelling with a bomb disposal team were killed when a landmine wrecked their vehicle near Armagh. In Belfast a policeman was killed by a sniper while investigating a break-in on the Falls Road.

Briton rescued

Briton John Page was rescued by Italian Alpine troops after dangling for two days from the Dente del Sassolungo wall peak of the Dolomites following a lightning storm in which fellow climber Ian Roberts was killed.

Namibia plan

A demilitarised zone along both sides of the border between Namibia and Angola, policed by UN forces, is expected to be a key Western proposal in a renewed effort at an international settlement in Namibia. Page 3

England's day

England made 53 for one in reply to India's first innings total of 96 on the first day of the second Cornhill Test match at Lord's.

Briefly . . .

Dominic Wigan tipped all but one of the winners at Goodwood. The successful selections included the nap Hard Fought (11-4). Page 12

Nine-year-old boy was among five people killed in a Santo Domingo protest by bus drivers against increased petrol prices.

Swiss Justice Ministry said members of the People's Temple cult emptied bank accounts in Switzerland of almost £900,000 before mass poisoning of followers in Guyana.

BUSINESS

Equities ease; Gold down $1

● EQUITIES eased in thin trading, and the *FT* 30-share index closed 1.1 down at 455.7.

● GILTS remained steady and the Government Securities index closed 0.03 up at 72.63.

● STERLING fell 25 points in quiet trading to close at $2.2680. Its trade weighted index closed at 72.2 (74.4), and the dollar's firmed slightly to 84.5 (84.4).

● GOLD lost $1 in heavy trading to close in London at $288¼.

● WALL STREET was 1.11 up at 851.45 near the close.

Chrysler omits div. payment

● CHRYSLER Corporation Board voted to omit payment of the third-quarter dividend on its common stock in a move unlikely to still political and editorial resistance to its request for $1bn Government aid.

Both the Washington Post and the New York Times yesterday carried leading articles opposing state aid, and the Post added: "The British economy is the outstanding example of that policy's costs in low production and lethargic management."

The Times also drew a parallel with UK policies, and suggested a takeover by a foreign car company as the solution to Chrysler's financial difficulties.

● FORD is considering a major expansion in Portugal which would include building a $650m assembly plant. Page 4

● BL CHAIRMAN Sir Michael Edwardes is thought to be planning top level changes within the cars group which would put Austin-Morris chairman Mr. Ray Horrocks in overall control.

● BRAE FIELD offshore consortium partners have asked the Government to allow plans for a £700m development of the southern portion of the oil field. Back Page

● NORTH SEA supply boat crews at the main Scottish ports have obeyed an instruction from the National Union of Seamen not to service rigs and platforms involved in the offshore catering workers' strike. Page 8

● IRAN'S oil production slumped inexplicably in the past week and may now be at least 750,000 barrels a day below the 4m b/d level of recent months. Back Page, Other Iran News, Page 3

● UK could earn an extra £450m in export revenues from the Middle East this year as a result of the big increase in oil prices. Page 4

COMPANIES

● AMDAHL and Memorex, two large U.S. computer companies are exploring the possibility of a merger. The proposed deal would be worth about $250m. Back Page

● HOOVER, the domestic appliance concern, reports continued losses in the second quarter with a pre-tax deficit of £981,000 for the six months to June 30, 1979 against profits of £3.82m in the same period last year. Page 16 and Lex

● REED INTERNATIONAL pre-tax profits climbed 23 per cent in the first quarter from £21.5m to £26.5m with the help of a sharp decline in interest payments. Page 16 and Lex

● TRICENTROL, the oil and trading group, improved second quarter profits from £3.36m to £4.02m to give £7.22m for the six months to June 30, 1979, against £4.34m in the same period last year. Page 16

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Bambers	126	+ 9
Berwick Timpo	77	+ 9
[illegible]	216	+ 6
Black (P.)	232	+ 7
Brasway	63	+ 6
Carpets Intnl.	54	+ 3
General Accident	210	+ 6
Govett European	63	+ 11
Heath (C. E.)	180	+ 10
Heywood Williams	83	+ 6
Hillards	350	+ 10
Hoover A	155	+ 5
Inchcape	286	+ 8
[illegible]	137	+ 17
[illegible]	145	+ 7
Norton and Wright	168	+ 5
[illegible] Zochonis	160	+ 20
Ratners	99	+ 5
Rowntree Mack'tosh	188	+ 4
Royco	54	+ 2½
Sommerville (W.)	72	+ 7
Steinberg	20	+ 2½
Sunley (B.)	467	+ 20
Oil Exploration	358	+ 6
RTZ	271	+ 11
Rustenburg Plat.	111	+ 8
UC Investments	235	+ 10
Union Corporation	328	+ 15

FALLS		
Brentnall Beard	16	− 4
Grindlays Bank	92	− 3
MK Electric	233	− 14
Powell Duffryn	172	− 4
London Sumatra	257	− 6

Sterling demand lifts reserves to record $23.5bn

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Britain's official reserves of gold and foreign currencies jumped by $1.43bn during July to a record total of $23.49bn as a result of persistent and heavy demand for sterling during the month.

The increase was much larger than generally expected by the City and indicates that the Bank of England intervened on a substantial scale.

After adjusting for new public sector borrowing and debt repayment and for the revaluation of part of the gold content, the underlying rise was $1.35bn compared with $588m in the previous month. This is the largest increase since October, 1977, just before the Government stopped holding down the rate.

The official view yesterday was that the size of the increase does not indicate any change in exchange rate policy.

The Government's policy is to allow the pound to float fairly freely; unlike the summer of 1977 *there is no official target* or permitted range for sterling.

In a written answer in mid-July Sir Geoffrey Howe, the Chancellor, said: "The exchange rate is primarily determined by market forces. The Government, through the Bank of England, intervenes in the exchange markets to moderate excessive fluctuations in the rate."

The authorities argue that in conditions of buoyant demand and one-way pressure it has been necessary to intervene merely in order to allow the rate to settle and to permit normal commercial business. In this type of large-scale smoothing operation the Bank could easily pick up $150m in a morning.

This view is supported by the size of the appreciation of the pound during July—a rise of 5.9 per cent in the trade-weighted index at one stage and of nearly 7 per cent in the sterling dollar rate.

The difference between smoothing and full-scale intervention is a fine one if the inflows are on a sufficient scale to affect the domestic monetary system.

Inflows as large as last month *are certainly a potential upward* pressure though earlier inflows —for instance $1bn in March— have not yet worked through to boost sterling M3, the broadly defined money supply.

The impact partly depends on the scale of overseas purchases of new gilt-edged issues. An indication may be given by the mid-July banking figures, due on Tuesday. But to the extent that the inflows have remained overseas residents' deposits they will show up in the elegible liabilities of the banking system but not in sterling M3.

Apart from the underlying inflows to the UK, the published reserves total was boosted by $350m as a result of the revaluation of part of the gold content on a EEC rather than an UK valuation basis. This follows the exchange of gold (as well as dollars) for European Currency Units as a result of UK participation in the three-month central bank swap facilities of the European Monetary System. The reserves total now includes about $3.7bn worth of such units.

New public sector borrowing last month amounted to $97m and repayments to $373m, including $82m to the International Monetary Fund.

The announcement of the reserves figures had no impact on the markets yesterday. In thin trading the pound fluctuated between $2.2580 and $2.2730 before closing a quarter of a cent down at $2.2680. This compares with a peak of $2.3355 last week before the shake-out on Tuesday when the pound fell 6.55 cents.

EEC strengthens powers to act against dumping

BY GILES MERRITT IN BRUSSELS

A STRONG reinforcement of EEC anti-dumping powers was announced in Brussels yesterday. The new regulations, which were approved by the Council of Minister this week, also coincide with anti-dumping action by the European Commission against Japanese Chinese, Hong Kong and U.S. exporters to the Common Market.

The modification of the EEC's 1968 regulation concerning dumped imports is primarily designed to block several legal loopholes and clarify the procedures used by the Brussels anti-dumping authorities.

Earlier this year the European Commission suffered a reverse when the European Court of Justice ruled in favour of five Japanese ball-bearing manufacturers who had contested an EEC anti-dumping levy.

The Commisison is soon to disclose that anti-dumping measures are being taken against Japanese, Chinese and U.S. suppliers of saccharine products.

It is understood to be the first time that China has been the object of EEC action. With Hong Kong, China is also being cited in a second case involving alarm clocks. The third EEC anti-dumping case concerns Japanese exports of stereo cassettes.

Two of the three cases are understood to have been initiated after the UK complained to the Brussels Commission of dumping. The measures follow a visit to Brussels last month by Mr. John Nott, the British Trade Secretary, when representations were made on alleged instances of dumping.

Commission officials have also indicated, in the context of the revised anti-dumping regulation, that further actions against Japanese manufacturers are still pending, and that it is "not inconceivable that another ball-bearing case" involving the Japanese will be initiated.

At the same time, however, the Brussels Commission is eager to emphasise that the increase in its anti-dumping reactions is not directed against Japan in a deliberate attempt to curb Japanese exports to the EEC.

Last March, a leaked internal report disclosed that the European Commission believed that retaliatory measures against selected Japanese goods might become necessary.

The revised EEC anti-dumping rules do not extend the Community's protection against dumped exports but provide the Commission with an improved legal mandate when taking action.

Yellow Pages contract changes

BY ELAINE WILLIAMS AND JOHN MAKINSON

AFTER 14 years the International Thomson Organisation is to lose the major part of the Post Office's Yellow Pages advertising contract.

The Post Office is not expected to announce officially the new contract until at least August 12 but it is believed that ITT Directories and the General Telephone Directory Company, a subsidiary of General Telephone and Electronics of the U.S., will be offered considerable parts of it.

Last year Thomson Yellow Pages, a subsidiary of the Thomson group, took over £35m in advertising sales.

Yellow Pages is split into six regional contracts and Thomson has been offered a three-year contract for the North-east of England. So far Thomson has declined to say whether or not it will accept the Post Office's offer.

ITT has said that it had submitted *a bid and it understood* that its submission had been "favourably received." It is likely to gain a nine-year contract for three of the six areas while General Telephone Directories will cover the remaining two areas.

General Telephone Directories' contract with the Post Office will run for six years. It already has similar Yellow Pages contracts with Australia, the Phillippines and Singapore.

More than 12 companies tendered for the six individual contracts which come into effect next year.

The reason for the move say the Post Office is that it wishes to expand its classified service.

Thomson Yellow Pages made profits before tax and minorities of £3m last year. Of this, how*ever, 35 per cent went to Reu*ben H. Donnelley, the U.S. company which originated the Yellow Pages idea.

Thomson's involvement in Yellow Pages has been a chequered one. The compilation and billing functions were transferred from Thomson to the Post Office in 1972, which resulted in publication delays and a fall in profits the following year.

A five-month printing strike at HMSO caused even greater difficulties in 1974, particularly as Thomson receives commission after publication. Operating profits for the year slumped to £600,000 from £1m.

Coal Board loses £19m

By John Lloyd

THE NATIONAL Coal Board lost £19.4m after interest charges in the year to April. Sir Derek Ezra, the chairman, said yesterday that there would have been a surplus but for the disruption of transport services in the first three months of this year.

He said the industry was discussing with the Government *the introductioin of a substan*tial element of public dividend capital — believed to be as high as 50 per cent of the total capital requirements. This would provide "a measure of relief" from its high level of interest payments, which ran last year at £138m.

An injection of public dividend capital, which the Government is likely to agree, would allow the board to pay a dividend to Government when its investments — most of which have a lead time of up to ten years — pay off.

Sir Derek confirmed that the board was also discussing the possibility of the Government taking over its commitments to those pensioners on its books before 1975, when the pension arrangements were restructured. That commitment is now shared between Government and the board, with the NCB's contribution running last year at around £30m.

Higher redundancy and transfer (from one pit or area to another) payments are also on the Government/board agenda, Sir Derek said. Senior board officials believe that more generous transfer payments to miners in ageing and uneconomic pits might aid the closure programme, now effectively stalled by opposition from the National Union of Mineworkers.

Sir Derek said that the board was on target to break even in the current financial year, though he has asked the Government for an increased level of grants, which last year totalled £172m. It is thought that the board would like that level raised by £100m.

A further change which the board would like to see is increased freedom to "shop around" for loan capital. At present much of its loan finance comes from the National Loan Fund: it would like the freedom to borrow from the City, which it now cannot do, and from foreign sources, which it can do only with Government clearance.

Other points from the report include:

● Production was down by 1m

Continued on Back Page
News Analysis, Page 6
Editorial Comment, Page 14

HESELTINE SETS APRIL DEADLINE

New towns told to sell £100m assets

BY CHRISTINE MOIR

MR. MICHAEL HESELTINE, Secretary of State for the Environment, has ordered the authorities responsible for the English New Towns to raise £100m by selling land and properties before next April.

A letter has been sent to the chairmen of each of the 21 new towns and the Commission for the New Towns, giving them until August 16 to reply, suggesting a series of disposals that will meet the target given them.

The figure represents about 15 per cent of the present value of the new towns' revenue-producing assets Those include, offices, shops and industrial buildings that are estimated to be worth some £650m.

Of that total, properties worth about £130m are controlled by the Commission for the New Towns, which manages four of the oldest new towns: Hemel Hempstead, Welwyn Garden City, Crawley and Hatfield.

Disposals

Significant disposals of assets by the new towns have already been taking place as a result of a ban on future borrowing imposed last year by the Labour Government.

The new towns were told at that time that they must finance their new development programmes out of their own resources. That directive has led to sales of land and buildings.

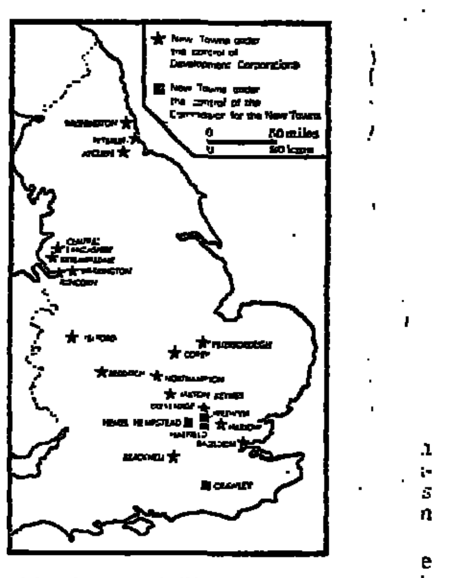
Now, further sales have been ordered. Mr. John Stanley, Minister for Housing, said in the House of Commons last week that the new town authorities were "engaged in discussions with the department about the possibility of disposals in the course of the current financial year."

Repayments

Yesterday the department still refused to confirm the target figure, although the new towns' response to the order is expected within the next 10 days after extensive meetings between them and the commission.

In order to concentrate their minds on the disposals, the new towns have been under a one-month moratorium preventing them from entering into any new contracts. The moratorium expires in the middle of the month at the same time as their reply to the sale order is due.

The Government's order to the new towns comes hard on the heels of its proposals to sell off other State assets in British Airways, British Aerospace and the National Enterprise Board,



with the possibility that such sales might be extended to other groups.

The sale of properties from the new towns serves the double purpose of reducing State ownership in yet another area and of offsetting the massive loans from the Treasury to the new towns development corporations.

The Treasury provides all the development finance for the new towns through 60-year loans at fixed rates of interest.

By the end of March last year (the latest figures available), some £1.88bn of those were still outstanding although some of the older-established towns have begun to pay back substantial portions of the loans.

Drain

All the new towns, however, own attractive commercial properties ranging from modern, fully let industrial estates to profitable shopping centres that would be snapped up by the big investing institutions such as the pension funds.

The unanswered question that is being debated is what would remain after those plums are sold out of the portfolios. The development corporations fear that the sales, more of which might be ordered next year, would leave only a "ragbag" of properties and service buildings that would be a permanent drain on their revenues.

£ in New York

—	Aug 1	Previous
Spot	$2.2545-2565	$2.2490-2530
1 month	0.84-0.79 dis	0.75-0.70 dis
3 months	2.05-2.00 dis	1.90-1.85 dis
12 months	5.50-5.35 dis	5.50-5.35 dis

CONTENTS

For latest Share Index phone 01-246 8026

France warned of spending curbs as oil price rises bite

BY DAVID WHITE IN PARIS

FRENCHMEN YESTERDAY received a warning that they would have to accept a "stabilisation" of their purchasi ngpower as the country absorbed the shock inflicted by oil price increases.

M. Rene Monory, Economy Minister, said in a newspaper interview that the latest price changes would cost France an extra FFr 15bn (£1.54bn) this year on oil, and twice as much in 1980.

Wisdom dictated that people should forgo an improvement in their purchasing power rather than that industry should bear the cost, M. Monory said.

It was imperative not to sacrifice healthy companies now if France was to face international competition in the 1980s.

White-collar workers would have to bear a larger share of the burden than others. Recent figures showed that their purchasing power rose slightly faster than that of oher social groups last year. When the cake was getting smaller, was it not fair to reserve it for those who needed it most?

M. Monory urged French companies to take investment initiatives this autumn. "Otherwise, they risk serious disappointments in two or three years." The Government, he said, had created the conditions fora n investment upturn, by lifting price controls, steering savings to the stock market and granting low-interest loans.

"One cannot expect to-day some kind of manna from the Government. At present, industrialists have every reason to invest."

The need to do so was stronger now than it was at the time of the last oil crisis in 1974, when companies had just been through "a euphoric investment period," he said.

The Government did not plan in the immediate future to open petrol prices to free competition. Late last year it lifted controls on Naphtha and heavy fuel oil for industry, with petrol, diesel oil and domestic fuel prices scheduled to follow from the beginning of 1980. But, as M. Monory confirmed, it has since gone back on this plan.

In other sectors, however, M. Monory said the Government would pursue its policy of price liberalisation.

Service charges would be freed as long as interested parties were prepared to take consumers' considerations and overall price trends into account. Some distribution sectors were likely to be liberalised by the end of the year.

SIG. FRANCESCO COSSIGA

Vote-catcher's biggest challenge

BY PAUL BETTS IN ROME

THE PRESIDENT, Sig Sandro Pertini, wasted no time yesterday in making a further attempt to end Italy's 183-day old Government crisis by calling Sig. Francesco Cossiga to try to form a Government.

Sig. Francesco Cossiga

Only 12 hours after the failure of Sig. Filippo Pandolfi, the Christian Democrat Treasury Minister in the outgoing Cabinet, the President held a hasty round of informal talks with political leaders yesterday to seek a solution to what is becoming the country's most complex and bitter political crisis since the war.

Sig. Cossiga is the fourth politician to try to constitute a Government since the inconclusive general elections two months ago. Like Sig. Pandolfi, he comes from the new generation of Christian Democrats, who effectively surfaced after the stormy party congress in 1976.

He is perhaps best known for having been Interior Minister during the outburst of political violence which erupted two years ago, culminating in the kidnapping and assassination by the Red Brigades in the spring of last year of Sig. Aldo Moro, the Christian Democrats' one undisputed leader.

After the killing of Sig. Moro Sig. Cossiga took the unprecedented step for an Italian Minister of resigning. This unusual gesture for a politician, particularly a Christian Democrat, won him considerable respect.

He had, however, come under heavy criticism for the apparent failure of the police and security forces to cope effectively with Italy's rising tide of political violence.

Sig. Cossiga is also known on account of his family connections. Ironically for a Christian Democrat, he is the cousin of Sig. Enrico Berlinguer, Secretary-General of the Italian Communist Party.

It has been a popular conversation piece here to suggest that Sig. Cossiga could be the best man to resume a working relationship between the country's two main parties.

Sig. Cossiga, a Sardinian, now 51, belongs to the so-called "base" faction of the Christian Democrat Party which favours an open dialogue with the Communist party but not its direct inclusion in government.

This faction has up to now supported the present party leadership of Sig. Benigno Zaccagnini, the CD reformist secretary-general. Although he is not regarded as belonging to the party hierarchy, he is a considerable vote-catcher in his native Sardinia

A doctor of jurisprudence, he has lectured on constitutional law at Sassari University. He has an impressive knowledge of European constitutional practice and procedure, and is understood to read technical and academic theses as more mundane politicians read daily newspapers. After working for a time in the Banco di Sardegna, he entered Parliament in May 1958.

Sig. Cossiga is well respected by his Parliamentary colleagues. But his prospects of forming a Government rest once again on the attitude of the Socialist Party.

Job and output figures confirm German upswing

BY JONATHAN CARR IN BONN

EVIDENCE OF the continuing economic upswing in West Germany emerges from employment and industrial production figures released yesterday.

Although the total of unemployed rose by 5.3 per cent to 803,700 from June to July, usual seasonal factors, including the start of the summer holiday period, were responsible.

Compared with July last year, the number of jobless was down nearly 13 per cent, while the number of vacancies has increased by 27 per cent to 73,552. The unemployment rate was 3.5 per cent in July, compared with 3.3 per cent in June and 4 per cent in July, 1978.

The jobless total for the first seven months thus averages 940,000, compared with 1.05m in the same period of 1978, an improvement which several economic institutes believe should continue for the rest of this year but may not be sustained in 1980.

Meanwhile, the preliminary production figures already released for May have been revised upwards and the statistics for June point to a continuation of the upward trend.

The May result now shows an increase in production over April of 1.5 per cent (instead of a small fall as first announced) while that for June shows a further rise of 1 per cent.

The May-June figures together show an increase of 8.5 per cent against the same period of 1978. The construction sector again registers the sharpest rise—12 per cent. Production of investment goods rose by 7.5 per cent.

China talks expected in Moscow next month

By David Satter in Moscow

THE FIRST Soviet-Chinese negotiations on improving relations are now expected to begin in Moscow in mid-September at Vice-Foreign Minister level.

The incident on July 16, in which a Chinese official was killed and another man was wounded near the frontier between Sinkiang and Soviet Central Asia, increased tension but will not prevent the talks taking place.

Mr. Wang Yuping, the former Chinese ambassador to Moscow, has been recalled to Peking and promoted to the post of Deputy Foreign Minister. He is to head the Chinese delegation, which will arrive in Moscow about September 10.

Mr. Leonid Ilyichev, a Deputy Foreign Minister and the chief Soviet negotiator at the nine-year-old Sino-Soviet border talks in Peking, is to lead the Soviet side. Several organisational questions will be considered at the first round of talks, but intensive preparatory work is now going on through the respective embassies in Moscow and Peking.

One unsolved problem is Soviet objections to a Chinese proposal that the talks alternate between the two capitals. The Russians are known to believe that, since the border negotiations are held in Peking, the talks on bilateral relations should be held in Moscow.

It is proposed that they be treated as two separate channels and that the subject matter be kept distinct.

The Chinese issued a call for talks to improve relations this spring, after abrogating the 30-year Sino-Soviet friendship treaty signed in 1950 and concluding their border war with Vietnam.

The Kremlin had ruled out talks last year, after China replied to a Soviet proposal for negotiation with a demand that the latter's troops withdraw from the Russian and Mongolian borders.

The absence of any such demands this year is what will have made it possible for the talks to take place.

The Chinese have an interest in restoring scientific and cultural exchanges, as were provided for in the abrogated friendship treaty, in increasing trade and establishing a channel of communication with the Soviet Union. They may also, despite deep mistrust, wish to lower the level of tension

Strike at Rome disrupts flights

ROME—International and domestic flights were delayed yesterday and widespread cancellations were expected at Leonardo da Vinci Airport, Rome, as striking oil company workers refused to refuel aircraft.

Transport workers also launched a three-day strike that threatened to cut off shipments of petrol and jet fuel to service stations and airports.

In London, British Airways said flights using Rome airport were being diverted on the journey to and from Rome to pick up fuel at other airports, so disrupting flight schedules.
Agencies

Basque group halts bomb campaign

BY ROBERT GRAHAM IN MADRID

HARD LINE Basque seperatists have decided to call off a renewed bombing campaign directed at tourist targets in Spain. At the same time they have issued a statement regretting the deaths and injuries caused by last Sunday's bomb explosions in two Madrid railway stations and at the city's airport.

This sudden calling a halt to violence by the political-military wing of the Basque separatist grouping, ETA (Politico-Militar) comes only five days after the group announced a new campaign directed at Spanish tourist targets.

There are two main reasons for the unprecedented admission of regret and the sudden change of policy.

First, the organisation evidently miscalculated the planting of the three bombs last Sunday which killed five people and injured almost 100. Warnings were telephoned an hour before the explosions but none of the sites was cleared. In its previous campaign last month against coastal holiday resorts, up to two hours warning had been given and there was only one injury in 13 incidents.

In a communique yesterday, the organisation said it had no intention of fighting the "Spanish people"—as its actions were directed solely against the Government—and regretted the loss of life that had occurred. The organisation added that it had defused a number of explosive devices already platned and gave the locations of three bombs in already planted and gave the lona.

The second reason and probably a more significant one is that the chief political supporters of this ETA grouping have been deeply embarrassed by Sunday's incidents. Only a few days before, Sr. Mario Onaindia, condemned to death as an ETA member in 1970 and now secretary-general of the Basque Revolutionary Party had supported the new Basque home rule statute. The party is widely accepted to be the politicall counterpart to ETA (Politico-Militar).

The sole logic for the renewal of the bombing campaign was that supporters were being lost to the more radical military wing of ETA which has rejected the home rule statute

Sr. Onaindia this week demanded "self-criticism" from ETA's political-military grouping following the bomb incidents. Yesterday's communique would appear to be the result of this self-criticism.

The net effect of this surprising turn-around is that those who wish to continue using violence in the Basque country are further isolated.

Europe-Arab conference moves

BY ROBERT MAUTHNER IN PARIS

FRANCE IS making discreet efforts to set up a ministerial conference between the nine members states of the European Community and the moderate Arab oil producers in the Gulf, which would cover economic and political relations between the two groups.

The French diplomatic moves, which spring from President Giscard d'Estaing's original proposal for a Euro-African-Arab dialogue, are understood to be taking place with at least the tacit approval of the other EEC members.

Although France is no longer in the chair of the Council of Ministers, its successor as president, Ireland, is reported in Paris to have indicated that it has no objection to the French assuming a leading role in organising the meeting.

France, which is dependent on imports for something like 75 per cent of its oil requirements, has a clear interest in closer relations with the Arab oil producers. It has been pursuing such a policy on a bilateral level for months.

During an official visit to Iraq last month, M. Raymond Barre, the Prime Minister, obtained an undertaking that Iraq would supply about a third of France's oil import needs from next year onwards.

President Giscard made a stop-over in Abu Dhabi on his way to the French Pacific territories recently, and plans for an official visit by the French President to the Gulf Emirates and Kuwait before the end of the year are well advanced.

The Kuwait Government, it is understood here, has been encouraging the French in their efforts to promote a multinational Euro-Arab dialogue.

French officials point out, however, that the problem of guaranteeing western Europe's oil supplies and obtaining outlets for the EEC's exports in Arab markets would be only one of the subjects of discussion at a possible Euro-Arab conference.

Equally important would be the part which the Community could play in a political settlement of the Arab-Israeli conflict.

Following U.S. sponsorship of the Israeli-Egyptian peace treaty, which is opposed by the majority of Arab countries, and the mistakes which the U.S. is thought to have made in its policy towards Iran, the moderate Arab states are now believed to favour a more active European role in the Middle East.

Saudi Arabia and the Gulf Emirates are said to have been impressed by the Community's consistent advocacy of a global Middle East settlement, including the provision of a homeland for the Palestinians.

Guy de Jonquieres adds from Brussels: Though France apparently hopes that all nine governments will take part in the proposed dialogue, it is still unclear whether they will do so on an individual basis or, more formally, in their collective capacity as members of the Community.

The distinction is more than one of protocol. The presence of the Community as such would arguably lend more weight to the talks, but would also raise delicate diplomatic and procedural problems.

If the Nine were to enter the talks as the European Community, the EEC Commission would also have to be represented. France is believed to have no objections in principle to this. Some Arab governments are understood, however, to have reservations about inviting Dr. Guido Brunner, the Energy Commissioner, because of a recent newspaper interview in which he described the last OPEC oil price increase as "economic brinkmanship" and accused the oil producers of deliberately holding their output below the level of demand.

Romania bans E. Bloc motorists

BY PAUL LENDVAI IN VIENNA

ROMANIA'S STRINGENT fuel-saving measures, banning East European motorists without hard currency coupons from entering the country, has provoked sharp East Bloc protests and unprecedented traffic chaos at the checkpoints on the 432-kilometre Hungarian-Romanian border.

Tens of thousands of Czechoslovaks, Poles, Hungarians and East Germans have been refused entry by Romanian frontier guards.

Under the energy-saving regulations imposed on July 26, East European motorists cannot enter Romania unless they have hard currency to buy petrol coupons, or unless Romania has a valid special agreement with their country allowing them to buy coupons with non-convertible currency.

Such special agreements could take weeks, if not months, to conclude, given the strictness of the bureaucracy which governs East European tourist traffic.

The Polish Government lodged a sharp public protest against the action, which was called a "violation of international customs." The Czechoslovak Government called in the Romanian Ambassador for "clarification." The Hungarian and East German Governments warned their citizens not to travel by car to Romania.

Romania's action also stops East European motorists travelling to Bulgaria, as travellers have to pass through Romania. Yugoslavia is considered by most East European countries a "special case," requiring special exit permits and currency allowances for East European citizens. Thus, stranded Poles or East Germans cannot just cross through Yugoslavia to reach the Bulgarian coast.

It is estimated that if the ban is upheld, over 1m East European tourists could be affected.

Observers point out that the other East European countries could retaliate by imposing a special tax on Romanian road haulage.

Romania's tourist industry could also be hit if hundreds of thousands of East Europeans cancel their bookings, or the state tourism agencies refuse to pay the Romanian partners.

Christopher Bobinski adds from Warsaw: Polish Tourist Board officials were struggling yesterday to organise relief for Polish motorists stranded in Romania.

Reuter adds from East Berlin: East Germany yesterday called on Romania to hold immediate talks about its fuel-savigg measures, according to the official newspaper Neues Deutschland.

Union row in Spain over wages

By Our Madrid Correspondent

A SHARP division exists between the two main Spanish trade unions over the extent to which wages should be topped up to match higher-than-expected inflation.

The more powerful, the Communist-controlled confederation of Workers Commissions, is considering a demand for up to 7.5 per cent extra, while the Socialist-orientated General Workers Union is willing to limit the demand to around 4 per cent.

Under the terms of a decree last December, the Government fixed wage increases between an 11 per cent to 14 per cent band. However, it undertook to revise this if consumer prices rose above 6.5 per cent in the first six months. Last month the half-year figures were published, revealing a 7.3 per cent increase.

Officials have conceded that the Government is bound to respect this commitment, but want to limit the adjustment to cover the projected annual average inflation rate, exclusive of any effects caused by higher oil prices.

This argument has been more or less accepted by the General Workers Union though it suspects that the Government inflation projections are over-optimistic. On this basis, the union wants to insulate wages fully from inflation, but no more.

The confederation, however, seems prepared to use the issue as a more political weapon. It is reportedly willing to be militant on this in order to obtain concessions on the controversial workers' statute which is being prepared by the Government.

The differing approaches of these unions, which account for two-thirds of total union membership, mark a reversal of their previous postures. Since unions were made legal in April, 1977, the confederation has traditionally acted as the voice of moderation—the Communist party being determined to show that the confederation is a responsible body.

The General Workers' Union, on the other hand, in order to compensate for the increased weight of its rival and to attract support has consistently sought to outflank the confederation.

French bid to split Euratom raises fears over EEC unity

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS

ONLY A few months after the eruption of disagreements between Paris and Bonn over the European Economic Community's farm financing arrangements, which delayed until March the launch of the European Monetary System, relations between the two Governments are once again being put to the test.

The issue this time, civil nuclear policy, is politically even more sensitive, and it promises to give rise to a difficult debate in the Council of Ministers next autumn into which almost every member of the Community will be drawn.

The tensions arise from France's demands for a partial revision of the treaty establishing the European Atomic Energy Community (Euratom), and in particular of its provisions relating to nuclear supply policy. These empower the Commission to organise a single Community nuclear market by giving it, through the Euratom supply agency, a monopoly over supplies and the sole right to conclude contracts for the purchase and sale of fuel

The Commission is also charged with ensuring that all Community customers enjoy equal access to fissile fuels and with maintaining a strict balance between supply and demand.

Though the treaty was signed in 1957, these far-reaching provisions have never been implemented. Drawn up when Europe's nuclear industry was in its infancy and the fuel to power it was in short supply, they are widely considered outdated and unrealistic. Until a few months ago the Commission and the Community's member Governments appeared content to continue ignoring them, as they had done during the previous 20 years.

But last November this state of benign neglect was abruptly disturbed by the intrusion of the European Court of Justice. In a test case brought by the Belgian Government, the court ruled emphatically that the treaty must be fully implemented. Its surprise decision caused alarm in Paris, where it was feared that a strict interpretation of the treaty would severely restrict France's freedom to exploit fully the commercial advantages of its rapidly developing nuclear industry.

In French eyes the technological lead which it has built up in this field would be much less valuable if it were obliged, by a supranational agency beyond its control, to surrender its nuclear fuel production to a common pool.

Not only would it have no power to decide whom to sell to, but the French nuclear industry could not ever be certain of supplying its needs out of its own production, because transfers would be directed by the supply agency.

As a matter of principle, the French Government has for some time been blocking a Commission request for a mandate to negotiate a nuclear safeguards agreement with Australia on behalf of the Community. Last month, after some apparent hesitation, France submitted to its partners a memorandum calling for the elimination of the Euratom treaty's more troublesome provisions and a sharp reduction in the powers which it conferred on the Commission.

It proposed that the principle of equal access to nuclear supplies be replaced by one of non-discrimination and that shareholders in companies producing nuclear fuel should be guaranteed access to their output. It also called for an effective Community preference scheme to encourage development of industrial partnerships in the nuclear sector and to protect the European market.

When a surplus of nuclear fuels arises, Community producers should be offered priority to market outlets, while in times of shortage Community users should be given first call on available supplies.

Though France was careful to consult its Community partners in advance, their reactions to its proposals suggest that it will not be easy to obtain the unanimous vote needed in the Council of Ministers to amend the treaty. Britain, whose new Government is committed to expand nuclear power, appears broadly favourable, but clear reservations have been expressed by West Germany as well as by the Netherlands and some other small countries.

Indeed, West German officials in Bonn and Brussels have recently warned that France would be ill-advised to press its demands too far, lest it encourage its partners to start unpicking other treaties which did not suit them.

Chancellor Helmut Schmidt is reported to have suggested recently that Bonn might riposte by seeking changes in the treaty establishing the Coal and Steel Community. The implied aim would be to cut the sizeable contribution which West Germany makes towards Community aid to the coal and steel industries in France and other member states.

Curiously, however, the French Foreign Ministry claims that the West Germans have never given these warnings officially in bilateral consultations and appears dismayed to have read of them in the Press. The Brussels correspondent of Le Monde, who is usually well-informed about French official attitudes on Community affairs, recently suggested that reports of West German discontent were a malicious fabrication.

Mr. Roy Jenkins (left), president of the EEC Commission . . . accused: President Giscard d'Estaing . . . "under-estimating."

It is perhaps a measure of French sensitivity on the whole issue that Le Monde should go on to make the startling and implausible allegation that the reports of discord were orchestrated by Mr. Roy Jenkins, the president of the Commission, at the behest of the British Government. The purpose of this tactic, it stated indignantly, was to drive a wedge between Paris and Bonn and thereby improve Britain's chances of securing agreement on a cut in its Community budget contribution and reform of the Common Agricultural Policy.

In a revealing passage, Le Monde remarks: "The aims of this offensive, which the British are preparing with the support of their Commissioners in Brussels, are in total contradiction to the interest of France (M. Giscard d'Estaing may yet regret having under-estimated its importance). It threatens to destabilise 'green Europe' and, by extension, the whole

Who is seeking to fool whom in what appears to be an elaborate game of diplomatic bluff is uncertain. But well-placed West German officials made no secret of their concern about French proposals.

This stems from two main considerations. On constitutional grounds they are worried that amendment of the Euratom treaty would offer a dangerous precedent to other countries dissatisfied with the way in which the Community works and could lead to the weakening of the legal foundation underpinning the Community's cohesion.

Second, the West Germans and some of the smaller countries fear that France's ultimate objective is to consolidate its position in the long term as Europe's predominant nuclear supplier. While not necessarily endorsing the Euratom treaty as it stands, they believe that it does offer a guarantee that nuclear fuels can continue to move freely inside the Community and will not be restricted by nationally imposed controls.

With almost no indigenous fossil fuels to call on, the West German Government is convinced that its best hope for reducing its dependence on imported oil in the longer term lies in nuclear power. But the West Germans are also painfully aware that while France, fortified by its experience with military nuclear technology, has been forging ahead in this field the growth of their own industry has been brought virtually to a standstill by political, social and economic obstacles.

The latest blow has been the refusal by the Christian Democratic state government of Lower Saxony to allow construction of the planned "integrated nuclear park" at Gorleben, which was to have included a reprocessing plant and waste disposal facilities. That decision leaves West Germany with little option but to continue for the foreseeable future with what was supposed to have been a provisional arrangement, under which it sent spent fuel to be reprocessed at the La Hague plant in France.

Since that arrangement was concluded, West German authorities have had to contend with French demands for a say in the use to which the derived plutonium was put. These have caused evident distress in Bonn and served as a reminder of the political pressures to which West Germany could be subject if it were forced to remain dependent on outside suppliers of nuclear fuels in the long term.

Clearly, concerns of this kind will have to be allayed before France's Community partners are prepared to endorse its demands fully.

In an effort to seek out middle ground, the Commission has produced some ideas of its own, which recognise that users who have invested in the production of nuclear materials should enjoy privileged access to them and not be forced to share them with those who have shown less foresight.

But the Commission would like to retain a bigger role in formulating supply policy, particularly in times of severe imbalance, than France has proposed. It also suggests that the Community should study the possibility of adapting the treaty's provisions by defining an agreed "interpretation" of how it should be applied in practice, rather than by resorting to the more radical course of amending it formally.

France has said that it is prepared to have the Commission's proposals discussed in parallel with its own, indicating that there is some flexibility in its position. How far France and its Community partners are willing to go towards a compromise, and whether it will be possible to reach a solution which meets their respective concerns, should become clearer in the autumn, when the debate is due to get under way in earnest.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing centres.

OVERSEAS NEWS

Fraser condemns Vietnam over 'boat people'

BY ANTHONY VERRIER IN LUSAKA

MR. MALCOLM FRASER, Australia's Prime Minister, yesterday fiercely attacked the Vietnamese Government's expulsion of Chinese from Vietnam, declaring that the number of refugees was "greater than the number of Jews expelled from Germany in the 1930s."

Mr. Fraser was speaking on the second day of the Commonwealth Conference, which was dominated by the plight of Vietnamese refugees, although other issues discussed included Belize and Uganda.

Mr. Fraser said that if the expulsions continued they could destabilise South-East Asia, and he feared the policy might be part of a much wider strategy on the part of Vietnam and the Soviet Union.

Mr. Fraser's call for a concerted Commonwealth policy met, however, with a mixed reception. The known antipathy of Lord Carrington, the British Foreign Secretary, to Hanoi's policy ensured his support for Mr. Fraser's attack.

Tengku Ismail, Malaysia's Foreign Minister and leader of his country's delegation, has also said there should be a Commonwealth policy "which puts Hanoi in the dock." Malaysia, nevertheless, with 76,000 refugees—"not one of which we will absorb"—is much more concerned to rid itself of a burden than to attack Hanoi. The Malaysian estimate is that up to a million more refugees are likely to be expelled in the coming months. An increasing number will find their way to Thailand — which already has 100,000—and to Indonesia, which has accepted some 50,000.

Mr. Robert Muldoon, New Zealand's Prime Minister, said the Third World must put pressure on Hanoi, not a western world suspected of regarding Indochina as merely an element in superpower relations.

Mr. Muldoon said that if pressure was to be effective, every effort must be made to make Hanoi understand that expelling skills and experience was shortsighted, as well as being immoral.

Michael Holman adds: Tanzania has withdrawn 12,000 of its troops from Uganda and 26,000 more will be leaving soon, Mr. Godfrey Binaisa, Uganda's President, told the conference.

Some 50,000 Tanzanian troops have been based in Uganda since President Amin was overthrown last April. The gradual withdrawal of the troops began last month, but today's disclosure by Mr. Binaisa provides the first official figures.

Britain will help retrain the Ugandan police force, he said. The force, which had 13,000 members before President Amin came to power, is down to 2,000, and many of the senior officers were killed during the Amin years.

White power in black clothing

BY MARTIN DICKSON, AFRICA CORRESPONDENT

A MAJOR ISSUE in the Commonwealth conference debate on Rhodesia which opens today will be the internal settlement constitution, which has been condemned by other African Governments.

President Kaunda of Zambia said in his opening speech to the conference that the Salisbury Government was "white power clad in black habiliments." A paper issued by the Commonwealth Secretariat earlier this year argued that the constitution was a "carefully woven, carefully contrived subterfuge for sustaining a wholly anti-democratic regime."

Now the British Government, which wants to build on the internal settlement, believes changes to the constitution to be necessary. Mrs. Thatcher told the House of Commons last week that the Government would aim to make the new constitutional proposals which Britain is drawing up "comparable to those on which we granted independence to other former British territories in Africa." By that judgment the constitution of Zimbabwe Rhodesia has a long way to go.

An analysis of the constitution must start with the composition of the legislature and the methods by which it is elected.

Rhodesia now has a largely titular president, a Prime Minister with a coalition Cabinet, and a two-house Parliament. There is a Senate consisting of 30 indirectly elected members, but real legislative power lies with the lower house of assembly.

It has 100 members, 72 of them Africans elected on a common roll of black and white voters. A further 20 seats are reserved for whites elected on a separate white electoral roll.

Eight more seats are reserved for whites indirectly elected by their 92 assembly colleagues. These eight are chosen from a list of candidates selected by a white electoral college. The practical result has been that all eight are members of Mr. Ian Smith's Rhodesia Front party, which also holds the 20 directly elected seats in Parliament.

Those white seats give the Rhodesia Front a veto over amendments to "entrenched" clauses in the constitution, which would need the approval of 78 MPs.

The importance of that veto becomes clear only when it is realised that 123 articles of the 170 in the constitution are entrenched, including the composition of Parliament, the make-up of the coalition Government, and clauses relating to recruitment and control over the police and defence forces, the judiciary and the civil service.

Entrenched "transitional provisions" automatically keep in office many white incumbents of key posts, including senior police and army officers, members of the Public Service Commission (which controls recruitment to, and organisation of, the civil service), and members of the high court.

Other sections of the constitution mean that the main responsibility for recruitment and promotion in the civil service, armed forces, police and judiciary will remain in white hands.

For example, a majority of members of the Public Services Commission must have held at least the post of under-secretary in the civil service for five years, and no African bureaucrat is yet anywhere near such a senior position.

There are also new and similarly complicated processes for appointing commanders of the army and police force. The

THE COMMONWEALTH CONFERENCE

army commander, for example, must have held the rank of colonel or above for at least five years, which will exclude blacks for many years to come.

The commander is appointed by the president, acting on the advice of a commission which will in practice be white-dominated because of the qualifications necessary for membership. The commission will, however, "consult" the Prime Minister about the appointment.

One of the most curious features of the constitution is the relationship between the Prime Minister and the army commander. The Prime Minister can give the commander "such general direction of policy with respect to the defence of Zimbabwe Rhodesia as he may consider necessary, and the commander shall comply with such directions or cause them to be complied with."

However, the Prime Minister's guidance apart, when it comes to "determining the use and controlling the operation of the army," the commander shall not be "subject to the direction or control of any person or authority."

Some argue that this leaves a large ambiguous area where a forceful Prime Minister could exert considerable control over the army commander, but it also leaves open the possibility of a military leadership which to all practical purposes is responsible only to itself.

On top of all this, the constitution specifies that for at least five years there shall be a coalition Government in Salisbury comprising all parties which have won more than five seats in Parliament.

Each party has cabinet seats in proportion to its parliamentary representation, which means that the whites, a mere 3 per cent of the population, control 28 per cent of Cabinet seats.

The constitution provides for a review of representation in parliament after not less than 10 years, but it seems likely that, because of the qualifications needed for membership of the review committee, this will have a white majority.

All of this bears little relation to the constitutions under which Britain's other former African territories gained independence. There were no white-controlled special commissions in those countries, no white constitutional blocking mechanism, and no semi-autonomous status for the police and army commanders.

However, in some countries, arrangements were made for some white representation in parliament in the years immediately after independence.

In Tanzania, 10 seats in a 71-seat house were reserved for white MPs elected on a common roll. In Zambia, during the first five years of independence, parliament consisted of 75 MPs, 65 of them elected on an African roll and 10 on a white roll.

New Western move on Namibia

BY QUENTIN PEEL IN JOHANNESBURG

A DEMILITARISED zone along both sides of the border between Namibia (South-West Africa) and Angola, polised by UN forces, is expected to be a key Western proposal in a renewed effort for an international settlement in Namibia.

The proposal, it is hoped, could provide an acceptable compromise between South African insistence that guerrilla bases in Angola and Zambia be monitored by UN forces, and a refusal by the other black front-line states in southern African to accept UN military personnel in their territories.

The proposal will be put by Sir James Murray, the British envoy chosen as representative of the five Western members of the UN security council, when he arrives in Pretoria

It will be part of a package at present being put together by the "contact group" of the five powers in New York, aimed at persuading South Africa to drop its objections to the plan for a UN-supervised ceasefire and elections in Namibia.

Renewed hope for progress on the Namibian initiative couldn, it is argued, ease the difficult negotiations over Rhodesia, if only it can show that an international settlement in Southern Africa is feasible.

Diplomats in Pretoria and Lusaka are optimistic that the Front-Line states—Angola, Botswana, Mozambique, Tanzania and Zambia—are still prepared to support the Western initiative in Namibia.

Angola is believed to look favourably on the suggestion of a demilitarised zone. Dr. Kurt Waldheim, UN Secretary-General has said that President Agostinho Neto of Angola had given him new ideas on breaking the stalemate over Nimibia, when he visited Luanda last month.

The positive Front-Line attitude was also reflected in reports from Monday's summit of the Front-Line Presidents, which was attended by Mr. Sam Nujoma, leader of the South West Africa People's Organisation (SWAPO), which is conducting the guerrilla war against South African troops in the territory.

It is understood that the presidents urged Mr. Nujoma to reconsider his demand that his guerrillas be allowed to establish bases inside Namibia.

Iran makes peace with Kurds

By Andrew Whitley in Tehran

THOUSANDS OF Iranian Kurds camped outside their border town of Marivan for the past two weeks were streaming reluctantly back to their homes yesterday after a peace agreement with the Government had temporarily removed the prospect of all-out conflict in Western Kurdistan.

The Marivan residents, supported by some 7,000 fellow Kurds who had marched from the provincial capital of Sanandaj, 150 kilometres away, accepted terms which leave internal and border security firmly in the hands of the Tehran authorities.

The outcome of the three-week-long confrontation marks the beginning of the end of the de facto autonomy which much of Iranian Kurdistan has enjoyed since the revolution six months ago.

Despite widespread resistance, peaceful and militant, from the Kurdish countryside the Army succeeded in bringing heavy reinforcements, including tanks, into the trouble spot, 20 miles from the Iraqi border.

Facing reality, the several hundred Kurdish Pesh Mergha irregulars who had been holding the deserted town of Marivan pulled out before sunrise on Tuesday.

Mrs. Gandhi appears in court

BY K. K. SHARMA IN NEW DELHI

MRS. INDIRA GANDHI, former Prime Minister of India, yesterday made her first appearance before the special court established to try her on charges of corruption and abuse of power.

Mrs. Gandhi appeared in a bright yellow sari, and after being granted bail of Rs 15,000 (£850), she immediately left the court to find crowds of slogan-chanting supporters waiting outside.

Mrs. Gandhi's appearance before the court emphasised the fact that no deal has yet been made between Mr. Charan Singh, the new Prime Minister, and Mrs. Gandhi for the latter's support in a vote of confidence which is to take place on August 27. Mrs. Gandhi's Congress faction has 71 members in the Lok Sabha (lower house of Parliament), which is more than enough to save Mr. Charan Singh.

The two have disagreed, however, and Mr. Charan Singh has rebutted her hints that they should patch up their quarrel. He apparently intends to stand by his commitment that he will not compromise with "authoritarian" forces (by which he is understood to mean Mrs. Gandhi), since he evidently has calculated that this will lose him more votes than it will gain.

OECD fears on Australian inflation trends

BY DAVID HOUSEGO

AUSTRALIA CAN expect an accelerating rate of growth of national output to about 4 per cent for 1979 but little change in the level of unemployment. The figures are from the Organisation for Economic Co-operation and Development (OECD) annual review of the Australian economy.

In April the number of unemployed was 415,900 or 6.4 per cent of the labour force, marginally up on a year ago.

But the report says that the Government has had only partial success in bringing down prices and that the outlook for inflation is now "problematical." It notes that the rate of increase in the consumer price index has slowed from more than 13 per cent in [illegible] to about 8 per cent last year but has levelled since then.

Mr. Malcolm Fraser's Government had hoped to bring the inflation rate to under 5 per cent a year as a central element in its policy of providing the necessary underlying conditions for sustained investment and growth.

The OECD's forecast assumes an 8 per cent inflation rate for 1979, but says that with uncertainty about the level of wage settlements and stronger external inflationary pressures, "there is obviously a risk that inflation will accelerate."

The report was prepared before the recent wave of strikes in which some unions are seeking wage increases in excess of the increase in the cost of living.

The OECD says that, continuing wage awards by the Arbitration Commission—which effectively fixes national pay scales—at a level that matches the increase in the cost of living would "prejudice the Government's inflation objective" and its attempt to bring real wages and productivity into line with that of Australia's competitors.

The report generally endorses the policy of tight demand management that Mr. Fraser's Government has followed to bring wages under control and allow more elbow-room for the growth of corporate profits. But it says that the rebuilding of profits has been slow.

It argues against giving a stimulus to the economy to encourage growth—one of the options Mr. Fraser will have to consider in the budget on August 21—in spite of the continuing high level of unemployment.

The OECD implies that the improvement in the short-term outlook for exports and the strengthening of private capital inflows are factors that give the Government more room for relaxing its tight control over demand.

But it warns that inflation is still at a relatively high level, wage costs are high compared with those of Australia's competitors and faster growth could undermine the recent improvement in the external position.

White House plays down gloomy economic forecast

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE CARTER administration tried yesterday to play down the significance of an internal report, leaked to several newspapers, which forecasts a deeper than predicted economic recession this year and a much slower recovery in 1980.

Mr. Lyle Gramley, a member of the Council of Economic Advisers, did not deny the numbers contained in the report but said that it constituted only one staff opinion and had not been considered yet by the economic policy group comprising the senior members of the Administration.

The report, prepared by an inter-agency task force and intended only for circulation to top Cabinet officers and the White House, is noteworthy not merely for the gloom of its predictions but also for the light it sheds on the effect of stimulative action on the economy later this year.

Specifically, it foresees a decline of 1.5 per cent in the gross national product in real terms this year: This contrasts with the official mid-year review put out by the Administration last month, projecting a fall of about 0.5 per cent in 1980, an "anaemic" real expansion of only 1.1 per cent is envisaged, a full percentage point below the official forecast.

Inflation will average 11 per cent this year and nearly 9 per cent in 1980, again significantly worse than last month's forecasts of just under 10 per cent and just over 8 per cent respectively. Labour costs next year could rise at an annual rate of 10.5 per cent, 1 per cent more than is forecast for the current year

This would combine to produce an unemployment rate of over 8 per cent by the time next year's presidential election is held in November. Officially the Administration envisages a 6.9 per cent maximum rate in 1980

This is the sort of economic scenario which is bound to produce strong arguments for economic stimulation sooner rather than later. President Carter and his advisers have recently taken to hinting at such a recourse, though at the same time warning against expectations of "a wild spending spree" which would undo the fight against inflation.

The Administration seems to prefer providing stimulus through a cut in social security taxes, plus some additional incentives to business, rather than by increasing Government spending or reducing personal and corporate income taxes (the latter heavily advocated by the Republican Party).

The report contains a number of projections on the consequences of such a stimulus: in one, a $20bn cut in social security taxes, plus a $5bn business incentives package, would add 1 per cent to real growth next year, hold unemployment below 8 per cent and still result in a lower inflation rate of 8.5 per cent.

This latest report is closer in its assessments to the views of the Federal Reserve Board and the Congressional Budget Office. The difference between it and the official review is explained by the fact that the first document did not take full account of the last round of oil price increases announced by the Organisation of Petroleum Exporting Countries (OPEC) just before its planned publication.

Even if the new report turns out to have erred on the pessimistic side, it none the less highlights the economic problem confronting President Carter as he plots his re-election campaign. The unemployment factor, as President Ford found out to his cost in 1976, is especially sensitive in an election year.

● The Commerce Department announced yesterday that in the second quarter the U.S. trade deficit, measured on a balance of payments basis, amounted to $7.64bn, the worst performance since the third quarter last year and $1.54bn more than in the first three months of this year.

The principal factors were the higher cost of imported oil — for which the U.S. paid $12.9bn in the period, 11 per cent more than in the first three months in spite of a decline in the number of barrels imported — and the surge in imports of fuel-efficient foreign cars. These more than offset an otherwise respectable increase in exports.

Recess delays rationing powers

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT CARTER is now almost certain not to get emergency authority to ration petrol until the autumn. The rationing Bill, passed finally by the House of Representatives on Wednesday, still needs Senate approval, and Congress is due to start a month's recess today.

The chaos in Congress over the petrol rationing issue reflects a lack of consensus in the country at large about how serious the energy situation is and how best to cope with it.

The House, which has for three months dodged the issue, this week approved a plan which would allow the President to impose rationing if fuel shortages of 20 per cent occurred over a 30-day period. But other aspects of the House Bill were immediately criticised as too restrictive by the White House which would rather see no rationing Bill at all than see the House version become law.

In particular, the Administration objects to the weakening of another conservation measure, the law controlling heating and cooling in commercial buildings. Because the Senate also objects to this House move, the rationing issue is considered virtually dead until Congress reconvenes

Another sign that Congress does not intend to move at the pace which President Carter would like came with the Senate Energy Committee's statement this week that it would trim the President's $88bn for synthetic fuel development and would give his proposed Energy Mobilisation Board less than total powers to over-ride federal environmental laws on new energy projects.

Petro-Canada pledge

BY VICTOR MACKIE IN OTTAWA

MR. RAY HNATYSHYN, Canada's Minister of Energy, said yesterday that Petro-Canada, the national petroleum agency which the Conservative Government has said it will dismantle, is still involved in oil negotiations with Mexico and may participate in future energy talks with Venezuela.

The Liberal and New Democratic Party opposition has expressed concern about the future of Petro-Canada, and warned that they would attempt to defeat the minority Tory Government in Parliament if it downgrades the agency.

Free-spending over as Venezuela cuts back growth plans

BY KIM FUAD IN CARACAS

VENEZUELA'S NEW Christian Democratic Government intends to take two steps backward before expanding the country's oil-based economy, following five years of impressive but erratic growth.

Under a two-year economic stabilisation plan unveiled last week gross domestic product (GDP) growth, excluding oil and iron exports, will be held to 5 per cent this year and 6 per cent in 1980 against 7.3 per cent in 1978 and an average 9 per cent for the 1974-78 period. Expansion will come only in 1981 and will thereafter be controlled under the plan.

The move to impose austerity and fiscal discipline on a nation grown accustomed to the free-spending administration of former President Carlos Andres Perez is designed to reduce deficits in the budget and balance of payments, to cut the large public debt, and to curb inflation, according to Planning Minister Dr Ricardo Martinez

Buoyed by unprecedented oil income, which tripled to $9.2bn in 1974, President Perez undertook a major expansion of Venezuela's non-oil industry which was far too ambitious for the country's financial and human resources. By 1978, Venezuela's global balance of payments deficit had risen to $1.7bn, a figure expected to be doubled this year, while public debt was $11.7bn, two-thirds of which is foreign.

While enlarged oil income pushed per capita income to about $3,000, there was a serious deterioration in real distribution of income, affecting Venezuela's poor, who comprise a third of the country's 15m population.

This was aggravated by annual inflation officially stated at about 10 per cent but which according to private sector calculations was much higher.

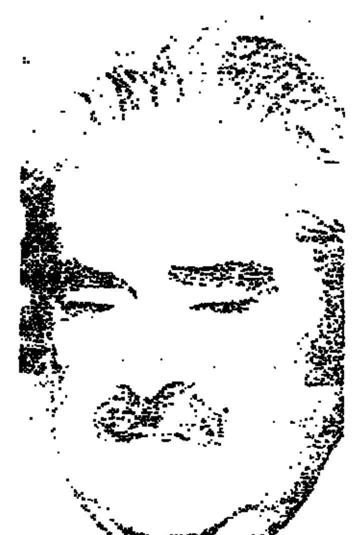
The new "Copei" Administration, which ousted Sr. Perez's "Accion Democratica" (AD) Party in last December's elections, says that it was not responsible for the economic slowdown, as this had begun in mid-1977 when the previous government made a belated effort to cool off the overheated economy

Fear that a slowdown could lead to recession has been voiced by the Central Bank and private sectors, who have been feeling the pinch of the Government's restrictive fiscal and monetary policies.

In fact, for the first four months after taking office last March, President Luis Herrera Campins' economic team spent most of its time trying to sort out the administrative shambles it had inherited. During this period government payments were virtually suspended and liquidity strongly affected, which provoked warnings of a recession.

Finally, in July Finance Minister Luis Ugueto handed Congress the new Government's first major piece of economic legislation. This asked for more than $3bn in additional credits to cover deficiencies in the 1979 budget of $10.7bn. The credits, a third of which will be financed by increases in petroleum revenues as a result of oil price rises, and the remainder through foreign borrowing, will inject enough liquidity into the economy to avert any danger of recession, Dr. Ugueto says.

The request for additional funds ran into trouble this week when the Accion Democratica Party which holds a slight voting edge in both Houses, conditioned approval to fuller information on how the money would be spent.



President Herrera Campins ... fiscal discipline

This means that passage of the Bill would have to be held over until Congress which recesses this week reconvenes in October, unless an extension of session is approved.

Despite the current high public debt, requiring servicing charges of $4.6bn between 1981 and 1983 for foreign debt alone, Government economic planners say that foreign borrowing will be needed this year and next to cover deficits in nominal growth in fiscal spending and ordinary income.

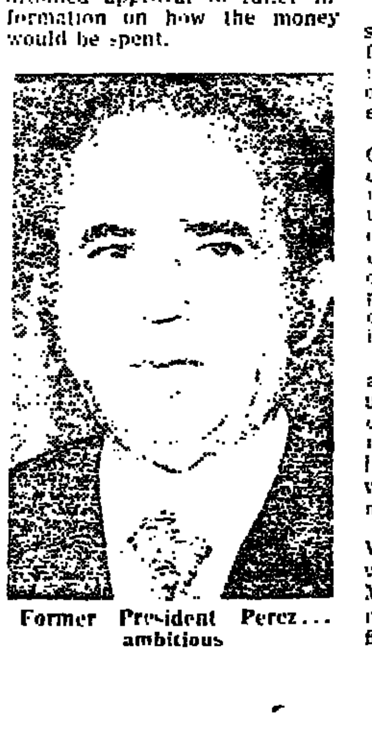
Just how much Venezuela will have to borrow depends on oil prices. The series of increases since the beginning of the year are expected to increase oil income by 25 per cent compared with the previously estimated 10 per cent rise, thus reducing borrowing requirements.

The Government also plans to stabilise imports, which leapt from $2.6bn in 1973 to $10.7bn in 1978, but substantial balance of payments deficits are expected to continue.

Dr. Martinez says that the Government has established ceilings for its stabilisation plan, including the keeping of unemployment at about five per cent, inflation at 10 to 12 per cent and reduction of the current account deficit from the present equivalent of 33 per cent over exports to 25 per cent by 1981

Once the Government has achieved stabilisation, it will undertake expansion of the economy Dr. Martinez says, but it will avoid the "Pharaoh-like" dimensions of the previous administration's development plans.

In outlining priorities for Venezuela's sixth National Development plan (1981-85), Dr Martinez says that the Government will seek more rational fiscal spending policies.



Former President Perez ... ambitious

Mayor Landrieu ... reversed decline

Mayors add colour to Carter Cabinet

PRESIDENT CARTER'S selection of one serving and one former city mayor to fill the gaps in his Cabinet would normally have been hailed as both sound and politically astute. But the merits of the two appointments have become submerged during the period of shock which followed the President's unprecedented Cabinet purge, Nancy Dunne writes from Washington.

Both Mr. Moon Landrieu, the nominated Secretary of Housing and Urban Development, and Mr. Neil Goldschmidt, the designated head of the Transportation department, are widely respected by fellow mayors upon whose enthusiasm may depend chunks of the 1980 urban vote.

Mr. Goldschmidt, the 39-year-old Mayor of Portland, Oregon, may be the safest appointment of the two, Mr. Landrieu's administration in New Orleans having been more controversial.

Mr. Goldschmidt, being bright and energetic with a reputation as a good administrator, fits the Carter "why not the best" mould. He is a moderate Liberal, who won the support fo his city's business community with policies fostering urban development.

Public transport

Even more attractive, from the point of view of the White House, Mr. Goldschmidt will be the first Secretary of Transportation with a strong transit background at a time when public transport has assumed prime importance

His policies are likely to find strong support in the White House. The President has spoken out strongly against expensive underground railway systems like those constructed in Washington, D.C. and San Francisco. In Portland, Mr. Goldschmidt planned and got funding for the city's first light rail public transit facilities, the type of system often advocated by Mr. Carter.

After assuming office in 1973, Mr. Goldschmidt fought against plans to build two motorways, ultimately using the funds to revamp Portland's transit system. He played a major role in developing a $15m "downtown transit mall" — a thoroughfare with limited car traffic and frequent bus service.

Mr. Goldschmidt is a religious Jew, whose presence in the cabinet is seen by some as "balancing" and by others as "Tokenism." A former legal aid lawyer and civil rights worker, his prankish sense of humour may bring some levity to a somewhat staid administration.

He has been known to wear a clown's outfit to city council meeting, to break up long-winded discussions by tossing peanuts to speakers and to once have ended a seemingly endless meeting by having the lights turned out and claiming a power black-out.

Bogged down

Mr. Landrieu, a former president of the U.S. conference of Mayors, is expected to bring similarly colourful leadership to a Department long bogged down in controversy over urban programmes.

He is popular among minorities, where the President has been steadily losing support. As a state legislator, he was one of the few white men to oppose the segregationist Governor of Louisiana during a school racial crisis in New Orleans in the early 1960s.

Forming a coalition of Blacks and white Liberals, he captured the mayor's job in what had been once one of the South's most segregated cities. He moved quickly to place Blacks in key city jobs.

During his eight year tenure, Mr. Landrieu pushed redevelopment and preservation work in the city's French quarter—projects that drew attacks but ultimately reversed a decline and brought about a commercial boom. His backing of the $163.5bn Superdome sports arena brought more criticism, but it served to advance tourism after New Orleans had suffered a decade-long decline.

UK may earn extra £450m from Middle East this year

BY OUR FOREIGN STAFF

BRITAIN could earn an extra £450m in export revenues from the Middle East this year as a result of the big increase in the oil price.

This estimate by COMET, the Committee for Middle East Trade, is based on the assumption that the current spending patterns of Middle Eastern countries continue growing in proportion to their increased revenues.

However, a great deal depends on Iran where the revolutionary turmoil and reduced spending plans have cut British exports in the first six months of this year to £92m compared with £386m in the first six months of last year.

The oil producers are expected to earn at least an extra $30bn this year and if Britain maintains its share of the 40 per cent of oil revenue that Middle Eastern producers have for the past few years spent on imports from OECD countries, it will gain an extra $1bn or nearly £450m.

Last year British exports to the Middle East (the Arab countries, Iran and Afghanistan) increased by 15.6 per cent to £3.89bn, making the area the third largest market for Britain after Western Europe and North America.

Thanks to reduced oil imports from the Middle East, Britain recorded its first full year's trade surplus with the region of £631m.

Britain's market share of OECD countries' exports to the Middle East increased slightly from 9.9 per cent in 1977 to 10.6 per cent in 1978. The U.S. and Japan each increased their shares (to 19 and 15.8 per cent respectively) but the shares of West Germany, France and the smaller OECD countries declined.

Britain's three biggest markets were Saudi Arabia (£786m), Iran (£751m) and the United Arab Emirates (£435m). The fastest growing market was the Yemen Arab Republic (up 89 per cent) but still small at £48.5m) while the Saudi, Kuwaiti, Jordanian and Sudanese markets all grew by more than 30 per cent last year.

This year's trade figures are affected by the civil servants' strikes but COMET points out that there has been a big increase in sales to the Lower Gulf states which last year were generally stagnant or in decline.

Exports to Bahrain, were up by 45 per cent in the January-May period, and those to Dubai and Abu Dhabi were up 36 and 21 per cent respectively.

Though COMET accepts that the scale of Iranian imports will be reduced it points out that Iran has by far the largest population of all the oil producers and will still need to spend a significant proportion of its revenue on imports.

Alcan starts feasibility study on Australian aluminium smelter

BY JAMES FORTH IN SYDNEY

ALCAN ALUMINIUM of Canada has announced that an Australian subsidiary will begin work immediately on a detailed feasibility study for the construction of a smelter in Gladstone, Queensland. An option has been taken on a site at Gladstone.

The company has already undertaken 18 months of preliminary work and has now begun a six-month detailed feasibility study for a smelter with an initial capacity of 100,000 tonnes a year, eventually rising to 250,000 tonnes. The plant would be designed for progressive installation of additional capacity. The first stage would cost about A$250m, including the cost of infrastructure and basic installations to serve the eventual larger facility.

If the results of the detailed study are favourable the initial plant could start in 1983. The smelter would draw its alumina refinery of Queensland Alumina supplies from the Gladstone Limited (QAL), in which Alcan has a 21.4 per cent stake. The refinery already supplies the Alcan smelter at Kurri Kurri in New South Wales which is in the process of expanding annual capacity to 90,000 tonnes.

The two other smelter operators, Comalco and Alcoa of Australia are also involved in new smelter projects while Alumax of the US, Pechiney of France and the Gove bauxite-alumina consortium in the Northern Territory are also planning new smelters.

As Australia is already a net exporter of aluminium all the proposals are aimed at the export market. The main attraction of Australia is the availability of abundant supplies of relatively cheap power.

£23m order for STC Indian Ocean cable

Financial Times Reporter

THE SUBMARINE Systems Division of Standard Telephones and Cables (STC) has been awarded a £23m contract for the first submarine telephone cable system to be laid in the Indian Ocean.

The 1,350-nautical mile system will provide 480 telephone circuits with signals boosted by 173 amplifiers along the route between Madras and Penang. This will be the 21st system of its type to be installed by STC, the company said yesterday.

The link is the initial phase of the Indian Ocean Commonwealth cable system planned by seven Commonwealth telecommunication entities — India, Malaysia, UK, Sri Lanka, Australia, Singapore and Canada.

Ford considering major expansion in Portugal

BY JIMMY BURNS IN LISBON

FORD IS considering a major expansion of its operations in Portugal which could include the building of a new $650m (£286m) assembly plant.

This has emerged after a visit to Lisbon by a delegation led by Mr. Robert Lutz, the chairman of Ford Europe. Although Mr. Lutz's talks with Portuguese Government and industry officials have been conducted in secret, it is understood that discussions on the project will continue.

"Mr. Lutz has come away with a very favourable impression of Portugal," Mr. Patrick Byrne, chairman of Ford Lusitania, the U.S. company's Portuguese subsidiary, said yesterday.

He stressed, however, that it was still too early to "get too excited" since Portugal was only one of a number of countries being considered for the project.

Earlier this week Sr. Alvaro Barreto, the outgoing Industry Minister, said that he hoped Ford would choose to make a major investment in Portugal.

In a statement issued by his Ministry, he said the visit by Mr. Lutz and a team of Ford executives had been "very positive" and that there was "much to be discussed" between now and the autumn.

While in Portugal, the Ford team visited the new industrial complex at Sines, 100 miles south of Lisbon, and Setubal, the capital's industrial suburb. Both areas have been suggested as possible sites.

Buyers face third quarter cuts of 30% in Mexican oil supplies

By Kevin Done, energy correspondent, in Mexico City

BUYERS OF Mexican crude oil are facing cuts in supplies of up to 30 per cent in the three months to the end of September because of production difficulties and port congestion.

Crude oil exports are more than 100,000 barrels a day (b/d) below the target set by Pemex (Petroleos Mexicanos), the Mexican state oil company for July and August of 650,000 b/d according to Sr. Juan Airpuru, Director of Foreign Trade.

The cuts in contract supplies in the third quarter are less severe than those imposed from April to June, when deliveries were reduced by up to 40 per cent.

Sr. Airpuru said that crude oil exports were still expected to reach the target of 800,000 b/d by the end of the year, chiefly as a result of the rapid build-up in offshore output from the Gulf of Campeche. Oil began to flow from this new production area in June and should total 200,000-300,000 b/d by the end of December.

Total Mexican crude oil production is currently running at a little over 1.6m b/d and by the end of next year output is due to reach the present government-imposed ceiling of 2.25m b/d, with exports running by then at 1.1m b/d.

The extra surplus for export has already been placed under contract, however, and Pemex will be unable to meet provisional commitments to supply new customers such as Canada and Sweden unless this ceiling is raised.

Mexico is one of the few oil-producing countries that is currently increasing production and it has been beseiged by potential buyers from North America, Europe and Japan looking for new sources of crude in the face of the shortfall in supplies to the world market.

Of current exports about 85 per cent goes to the U.S., with Spain taking 7.7 per cent and Israel 5.8 per cent. Spain's present contract is for 60,000 b/d and Israel's for 45,000 b/d, but both are suffering from the shortfall in production.

Biggest ever ECGD deal

The Export Credits Guarantee Department has guaranteed the funding and repayment of a U.S.$500m loan which Grindlay Brandts, acting on its own behalf and for a syndicate of 26 banks, has made available to Metalurski Kombinat Smederevo, Yugoslavia. This is the largest ever loan to be guaranteed by ECGD.

The loan will help finance a contract awarded to Davy Loewy, which will supply equipment and know-how and will supervise phase two of a cold rolling mill complex to produce steel sheet, tinplate and other cold-rolled products.

Diana Smith reports on the Tucurui hydroelectric scheme in the Brazilian Amazon.

Oil crisis saves the dam

TO THE RELIEF of planners and manufacturers concerned with the $9bn Tucurui hydro-electric scheme in the Brazilian Amazon, it now seems that the project will not suffer untenable delays or financial cutbacks.

After the budget of Eletronorte was cut in April by 44 per cent to Cr 10.1bn (£167m), building and cement casting work on Tucurui slowed down to the point where it was feared that the actual inauguration of power transmission might be delayed until 1984, two years later than the initial target. Eletronorte is the northern region electricity company responsible for supervision of Tucurui.

The dam is destined to be the largest built on an exclusively Brazilian waterway, with a planned final output of 8,000 MW and an initial output of 2,550 MW from eight 360 MW turbo-generators.

The first eight generators are to be supplied by a Franco-Brazilian consortium led by Mecanica Pesada of Brazil, the local associate of Creusot Loire, which is itself a major partner in the consortium, along with Neypric, Alsthon-Atlantique, and Jeumot-Seneider. The French Government and a syndicate of banks have advanced $250m in direct currency loans or supplier's credits to cover provision of turbo-generators and basic transmission equipment.

The Brazilian content of the project will amount to 60 per cent and will consist mainly of stop logs, gates and other mechanical equipment, financed by a $250m advance from the Government National Economic Development Bank.

The project is the largest single Franco-Brazilian venture currently under way.

Ironically, soaring OPEC oil prices appear to have saved the day for Tucurui. While the Government had begun to make across-the-board cuts in spending in April in an attempt to curb inflation, the oil crisis forced it to adjust spending priorities to all non-oil related energy sources, with hydro-electricity returning to a high position after a temporary lull.

The Tucurui scheme, first conceived 10 years ago, has always been deemed vitally important to those anxious to wrest the North from its traditional state of under-development.

The scheme would be coupled with a system of locks, to make the Tocantins River navigable over a 1,200 km stretch, thus opening the area to shipping by vessels of up to 16,000 dwt.

It also would supply energy for major mining and basic industry projects like Carajas, the 2bn tonne iron ore reserve site in the state of Para—once shelved and now being resuscitated — and the Trombetas bauxite - alumina - aluminium complex managed by Companhia Vale do Rio Doce.

Electronorte and equipment suppliers had been keeping their fingers crossed that an official visit to the site by President Joao Figueiredo last week would shift events in Tucurui's favour.

This appears to have been the case, for following his visit, he declared "We are in a hurry and must not stop, so funds will not run short for projects geared to rational use of our natural resources."

Suarez to visit Brasilia

BY DIANA SMITH IN BRASILIA

SENOR Adolfo Suarez, the Spanish Prime Minister, will discuss both political and trade matters during his two day official visit to Brasilia, which begins on Monday.

He will be accompanied by his Foreign Minister, Sr. Marcelino Oreja, and the ministers of Industry, and Trade, Srs. Carlos Bustelo y Garcia and Juan Antonio Garcia.

Two-way trade is something of a problem. Since 1975 Spain has run up an accumulated trade deficit of $1.17bn (£515m) with Brazil, with a $199m gap in 1978, and Brazil is eager to alter the over-emphasis of commodities in its sales to Spain. Coffee, cocoa, soya seeds and cakes and maize accounted for 83 per cent of the $291m exports to Spain in 1978.

According to diplomatic sources, the major difficulty in balancing or diversifying trade resides in the two countries similar stages of industrial development and similarity of manufactured or capital goods.

Both Brazil and Spain developed their international trade late in the day, and would like to sell more machinery or transport materials to one another, with obvious problems.

However the Hispano-Brazilian mixed commission set up in 1974 has been studying and in some cases successfully fostering industrial joint ventures that help to overcome obstacles.

Thus, an association between the Spanish railway materials company, C.A.F., and Brazil's E.M.A.Q. will produce 180 locomotives with Spanish know how by 1980.

Brazil's Companhia Vale do Rio Doce, the State run mining enterprise, and the Spanish State steel company have joined forces to produce iron ore pellets on Brazilian soil, in the Hispanobras venture.

هكذا من الأصل

The world is using up its supplies of oil too fast.

It has been for several years, but now we've reached the point where something must be done.

What we need is time.

Time to find new oil fields and develop existing ones fully.

Time to develop new sources of oil such as shale oil, tar sands and oil from the liquefaction of coal.

Esso, as a Company whose business is energy, needs the time to develop new forms of energy such as solar and nuclear. We're working at it.

There is something else we can all do–now. Use all forms of energy more efficiently. Make what we have last longer. Use a little bit less.

Give ourselves time.

Esso

Jenkin faces revolt by Health Service unions

BY GARETH GRIFFITHS AND PAUL TAYLOR

HEALTH SERVICE unions are to draw up plans to fight the Government's suspension of the members of the Lambeth, Southwark and Lewisham Area Health Authority.

The move follows the decision by Mr. Patrick Jenkin, the Social Services Secretary to suspend 33 members because they refused to make spending cuts of £5m this year.

Mr. Jenkin has used emergency powers in the 1977 Health Service Act and as an interim measure the South East Thames Regional Health Authority will take over the members' powers and functions.

A meeting today of local members of the Confederation of Health Service Employees will vote on a motion not to co-operate with either the Region or the commissioners. The Confederation's national executive, meeting next week, is expected to endorse the action taken locally.

The National Union of Public Employees is holding talks with other Health Service unions and the local authorities next week to work out a combined action strategy.

Disruptive

Mr. Bernard Dix, assistant general secretary, said the initiatives would come from local branches but he hoped the stand taken by the members of the Area Health Authority against the cuts would be followed elsewhere.

Mr. Harry Barker, NUPE's Greater London divisional officer said the unions might adopt a number of disruptive options including the possibility of "over-working the commissioners."

Meanwhile, Sir John Donne, chairman of the region, and the *health authorities' officers were* yesterday working out preliminary plans for controlling expenditure before the commissioners are appointed.

● Mr. Jenkin emphasised yesterday the Government's firm stand on cash limits in a letter to Lady Robson, chairman of the South West Thames Regional Health Authority. In reply to a letter from Lady Robson the Secretary of State said, "there can be no question of additional funds being made available to your authority or, for that matter, to any other."

● NEWS ANALYSIS—NATIONAL COAL BOARD

Production falls and £19.4m lost

BY JOHN LLOYD

IT HAS not been a good year for the National Coal Board. It has shown a £19.4m loss after a £20.9m surplus in 1977-78, *and its production is down by* 1m tonnes. Only three of its 12 areas showed a profit on the year, and it managed a self-financing ratio of only 24 per cent — down from 38 per cent in the previous year and less than half of the 50 per cent target.

Sir Derek Ezra, the NCB chairman, has laid the blame squarely *on forces outside of* his control — transport strikes and severe weather in the first three months of this year.

"In financial terms, this enforced loss of business adversely affected our cash flow to the tune of no less than £100m and reduced our profits by over £30m. It was a severe financial blow from which we had no opportunity to recover *before* the end of the financial year," he said.

Sir Derek drew attention to the fact that the trading profit was up—from £108.7m in 1977-1978 to £121.1m last year—and to a higher level of interest charges — up from £87m in 1977-78 to £138m last year.

At the same time the board enjoyed a greatly enhanced Government grant — up nearly £100m, from £75m in 1977-78 to £172m last year. Thus, even without the uncontrollable events of last winter, the industry would have had difficulty in achieving its target of breaking even, and could probably not have raised the 24 per cent self-financing ratio — £102m — appreciably either.

Within the generally lower surpluses, or higher losses, recorded by each area, there were two success stories which brighten the picture and show that improvements can be achieved. The Scottish area turned in a loss of £12.2m last year, £4.2m better than the previous year: more dramatically, the chronic loss-making area of South Wales almost halved its losses, from £31.8m in 1977-78 to £18.9m last year. Area director Phillip Weekes said yesterday that output had risen by 400,000 tonnes and productivity by 9 per cent—the first real increase in 16 years.

	£m	
Total income (excluding Government grants under Coal Industry Acts)	3,140.1	
Less: purchased materials and bought in services	1,298.3	
Value added in 1978/9	1,841.8	(59% of total income)
of which		%
Paid to employees (wages, pensions and other benefits	1,640.2	89.1
Paid to central and local government (net of Government grants)	22.8	1.2
Paid as interest on other borrowings	78.8	4.2
Retained in the business for the maintenance and expansion of assets	102.0	5.5
Total	1,841.8	100

Still, the total losses from the 12 areas came to £91.9m, compared with £13.4m in the previous year. Even with an extra regional grant of £50m the final loss figure from the areas were three times worse than in 1977-78.

Apart from grants the board's accounts were aided by a sharp rise in operating profits from its coal products division, where the manufacture of coke and smokeless fuels showed an operating profit of £13.2m, against one of £2.7m in the previous year. Much of this, it may be presumed, is due to price rises in the smokeless fuel sector.

Capital expenditure is up sharply—as it must be, if the industry is to achieve the kind of output targets it has set itself to the end of the century from £334m in 1977-78 to £454m last year. This year, investment is running at around £550m, and is likely to continue to rise into the future. It is on this which the board is focusing its attention when it looks for a financial solution, arguing that if funds are supplied in the shape of public dividend capital—where the dividend can be deffered until the return from major projects come rolling in in the latter part of the 1980s—then it need no longer register a loss.

Productivity is up over the period covered by the report, but Sir Derek said yeserday that it had fallen again in the first half of this year. Is the area incentive scheme then, paying for itself? Sir Derek replied that it appears to be certain that it has showed a deterioration; it is likely, however, that it is not "paying for itself" in strict financial terms.

Finally—will the board be able to deliver the promised 75m tonnes of coal to the Central Electricity Generating Board in the current year?

Sir Derek said he was "almost on target," but was nearly 500,000 tonnes down on last year's level. Last year, the NCB supplied around 69m tonnes to the CEGB.

British Aerospace welcomes changes

By Michael Donne, Aerospace Correspondent

BRITISH AEROSPACE, the nationalised aircraft manufacturing group, wants to see any future public shareholdings in the venture spread as widely as possible across the work-force and nation, and not dominated by a few big institutional or other investors.

In its first public statement on the Government's recently-expressed intention to sell off "about half" of the group's shares to the public, British Aerospace gives a cautious welcome to the plan.

"A minority shareholding spread across a wide section of the nation, including the BAe workforce, could increase the involvement and interest of the British public generally," it says.

"A majority private holding, or a dominant private holding, could change the nature and national identity of the company. Insofar as we have the opportunity to influence the direction of future changes, we must seek to minimise the potential dangers.

"We have made clear already our view that the present corporate base of BAe is best fitted for the internationally competitive business of aerospace.

"For good commercial and industrial reasons we believe that the spread of products *covering military aircraft, civil* aircraft, space systems and guided weapons is desirable. All our major competitors share this view and act accordingly.

"With these factors in mind, we were glad to learn that it was the Government's 'strong preference to maintain the present structure of the industry.' We would like to see *this strong preference* become a positive purpose."

First home buyers cope as prices rise

By Andrew Taylor

FIRST-TIME buyers are meeting a growing share of house price rises from their own resources says the Building Societies Association in its latest bulletin.

The average percentage advance, says the association, from societies has declined to 77.2 per cent in the first quarter of this year — compared with 81.2 per cent in the same period last year.

"Clearly the increase in house prices has not priced first-time buyers out of the market.

The association said that but for the greater burden being borne by first-time buyers societies would only have been able to make 49,000 loans in April instead of the 62,000 committed.

The association estimates that societies will lend £8.6bn to home buyers this year—only slightly below last year's record £8.73bn.

Rising house prices mean, however, that the societies expect to make *only 670,000 loans* this year compared with 802,000 in 1978.

Ship repair chief moves back to private sector

BY LYNTON McLAIN

MR. ROBERT BUTLER, chief executive of the State-owned Tyne Shiprepair Group, is leaving next Friday to return to the privately owned Clydedock Engineering, where he is chairman.

He will by then have completed a two-year contract with *British Shipbuilders* under which he helped to reorganise the group's six yards into a coherent marketing and production centre and achieved a no-strikes agreement with the unions.

Improved marketing almost doubled the group's turnover in the year to the end of March to £32m. But at the same time *losses before tax more than* doubled to £5.3m.

Mr. Eric Mackie, who joined the corporation as managing director for ship repair, is to take over as chief executive of the Tyne group until the post is filled.

Meanwhile, Mr. Butler's renewed full-time commitment to his old company comes as the corporation is talking to bidders, including Clydedock Engineering, about a possible take-over of the troubled Falmouth Shiprepair subsidiary.

British Shipbuilders has valued its assets at Falmouth at £10m and said last month that "all worthwhile offers would be carefully considered." But the corporation is understood to prefer to keep Falmouth either for development at a later date or for sale when the shiprepair market is stronger.

● The corporation has also *announced* that Mr. Dennis Pascoe, general manager of the Falmouth Group, has taken over the day-to-day running of the business after the resignation this week of Mr. Ian Sutherland as managing director.

Scots mining deaths double

By Ray Perman, Scottish Correspondent

EIGHT MEN were killed in coalmining accidents in Scotland last year — more than twice the number who died in 1977.

The report of the Health and Safety inspectors, published yesterday, shows a disturbing rise in *serious and fatal* accidents in Scottish pits. When measured against the number of shifts worked, accidents have increased by more than 10 per cent over the past three years.

The inspectors particularly noted that more than a third of all accidents involved either haulage or transport underground. Most of the accidents were clearly avoidable, and were frequently caused by failure to comply with recognised good practice

Construction equipment talks called by Joseph

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

LEADERS OF the construction equipment industry have been invited by Sir Keith Joseph, Industry Secretary, to discuss with him how the Government can help them to improve the competitiveness of their 150 companies.

The industry was discussed this week by the National Economic Development Council, when a paper was presented by Sir Jack Wellings, chairman of the council's construction equipment and mobile cranes working party.

Sir Jack, who is also chairman of the 600 Group, emphasised the need for the industry to be reconstructed and for productivity to be improved. The Government might help in the reconstruction, he suggested.

He was supported by Mr. John Baldwin, general secretary of the Amalgamated Union of Engineering Workers' construction section, who has led a sub-committee comparing performance in the UK and U.S. Mr. Baldwin believed that trade unions should adopt a new role in helping to improve productivity in their industry.

Competition

Sir Keith invited both men to discuss what might be done. Although the Industry Department has been running down its selective industrial aid schemes, Sir Keith emphasised that State aid was still available.

Sir Leslie Murphy, chairman of the National Enterprise Board, said that his organisation had looked into the industry but had found no focal point for reconstruction.

The sector working party's report said that competition at home and abroad was extreme and that the domestic market was the "most difficult for 30 years."

● Ideas for releasing publicly owned land in London's docklands for industrial and other development are to be submitted in detail to Sir Keith by the London Chamber of Commerce.

Sir Keith met the Chamber yesterday when suggestions *from London businessmen* for a docklands promotion agency were also discussed.

Amount of land for private building was 'over estimated'

BY ANDREW TAYLOR

MR. TOM KING, Minister for Local Government, has backed a new approach to assessing land availability for private housebuilding.

This follows publication of a joint study in Greater Manchester by the Department of the Environment and the House-Builders' Federation.

House-builders have long said that there is a national shortage of land for private housebuilding, while officials of the Department have produced national statistics showing that there is enough land to sustain housebuilding at its present levels for several years.

It was in a bid to resolve this conflict and arrive at a more realistic method of land appraisal that the study was set up.

It brought together private house-builders and the 10 district councils in Greater Manchester to make a site-by-site analysis of potential building land.

The study disclosed that local authorities originally overestimated the amount of land available for private housebuilding in the 3½ years to 1982. District council estimates that up to 27,000 private dwellings could be built in the period have been reduced to 21,000.

Mr. King welcomed the study yesterday and urged other local authorities and house-builders to follow suit.

In a joint statement with Mr. Donald Moody, president of the House-Builders' Federation, Mr. King said: "The report shows how misleading broad statistics and generalised impressions can be.

"The demand for land, like the housing markets that give rise to it, is complex and highly local. There can be a shortage of land in one locality that is masked by surpluses only a few miles away."

"In assessing the availability of land the study team took into account factors like the need for adequate infrastructure; timing of developments to make an orderly market; and special problems of inner city areas."

Law Commission is against EEC directive on insurance

BY ERIC SHORT

THE LAW Commission is against the EEC directive on insurance services where it applies to the choice of law. This is the main conclusion of the joint working party of the Law Commission and the Scottish Law Commission, published yesterday.

Under the proposals contained in the directive UK insurers would be able to sell insurance, other than life insurance, anywhere in the EEC without having to establish offices in the other EEC countries.

This leads to the problem of under which laws the insurance contracts would be written.

At present, if a client in the UK wishes to cover an insurance risk in another EEC country, he has to decide whether the contract and any claim arising would be governed by English or Scottish law, or by the law of that particular country.

The present practice is that the insured can choose which law will apply. The draft directive has laid down a complex set of detailed rules for deciding which law will apply. The working party is opposed to the line taken.

The opposition is based on several grounds, but basically the working party upholds the principle of freedom of choice. It speaks of the need of this directive, to harmonise with other conventions applying to other kinds of contract.

Energy unit trusts top league

BY TIM DICKSON

UNIT TRUSTS specialising in energy and commodities dominate the industry's league table so far this year, according to the magazine Planned Savings.

Concern about world oil supplies has helped Britannia's Universal Energy Trust into first place with a 41.8 per cent gain in the offer price. Chieftain Basic Resources, with a 31.3 per cent improvement, Key Energy Trust (29 per cent) and Britannia Minerals (28.2 per cent) are fifth, sixth and ninth respectively. Seven of the top 20 trusts specialise in energy and commodities.

Funds invested in property have also done well this year, with Schlesinger Property (second best with a 38.3 per cent improvement in offer price) and Britannia Property (27.4 per cent) both in the top 10.

Trusts invested primarily in the UK and small company funds are also prominent in the *top 20.*

At the bottom of the league Far Eastern trusts have again suffered badly, with the strong pound and the collapse of the dollar premium hitting all international funds. Midland Drayton Japan, Save and Prosper Japan Growth, M. and G. Japan, and Allied Hambro Pacific are all in the last five.

Brokers optimistic on inflation

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A CAUTIOUSLY optimistic view of the prospects for inflation is taken by several City analysts in a batch of new brokers' reviews. This reflects the impact of the recent appreciation of sterling.

The brokers Capel-Cure Myers, for instance, suggest that the underlying rate of retail price inflation may be down to single figures by the end of next year.

This is on the assumption that *the exchange rate holds at* roughly its present level in the next year, which should be sufficient to offset the effects on prices of the rise in value-added tax. Average earnings are projected to rise by about 14 per cent.

De Zoete and Bevan say that even if sterling falls to $1.90 *against the dollar by autumn* 1980 the annual rate of retail price inflation may be down to 9.3 per cent by the first quarter of 1981.

The rate would be 6.6 per cent by then if the pound moved up to $2.50 in the next 12 months.

In their "Economic indicators for company planning," Stanilan Hall Associates, the business advisers, forecast an 11 per cent rate of increase by the end of 1980, with a return to single figures thereafter.

The brokers Simon and Coates are more cautious in view of the general upward pressures on prices, partly as a result of Government policies such as public spending cuts.

"Even a further 10 per cent rise in the currency (which would cause panic in many quarters) would be unlikely to push the inflation rate down into single figures by the end of next year."

In a comment on exchange rates and inflation for the brokers Buckmaster and Moore, Dr. Ian Richards and Mr. Geoffrey Wood say that the strength of sterling is not causing the UK rate of inflation to fall, but is compressing the time lag between a tightening of monetary policy and a fall in inflation.

Merseyside docks call for regional aid

BY IAN HARGREAVES AND LYNTON McLAIN

PORTS SHOULD be made eligible for regional development aid to boost essential investment for the 1980s, Mr. James Fitzpatrick, managing director of the Mersey Docks and Harbour Company, told the Government yesterday.

At a meeting with Mr. Norman Fowler, Transport Minister, Mr. Fitzpatrick made a strong plea for relaxation of the restrictions on regional investment grants to service industries.

"We generate about half Merseyside's economic base, so it's absurd to classify us with *hairdressers and sauna baths*," he said later.

Mr. Fitzpatrick is urgently seeking a way of raising funds for the port's long-term strategy, which envisages filling in old general cargo berths in a big area of the northern part of the port.

Work has already started on a £6m scheme to fill in Langton Dock. *This will make the area* suitable for ships carrying containers and general cargo.

The port's 25-year strategic review sees the move towards combined freight continuing. Deepwater berths and large land areas are likely to be needed for storing containers.

Mersey Docks' problem is that with only a small trading profit and a net pre-tax loss of £1.47m last year and only a slightly improved performance expected this year it does not believe it can generate enough cash to finance its planned programme by conventional Harbours Act loans, which carry fixed interest.

Mr. Fitzpatrick said it was unfair for the Government to single out the Port of London—which lost over £17m last year—when other ports are also suffering severe shortages of funds.

Liverpool is affected, like other ports, by the general depression in world shipping. But it is also expected to have the additional burden of the loss of iron ore handling—worth £700,000 *a year—with the* planned closure of the Shotton steel works. Plans are in hand to find replacement work.

The port also has high manpower costs, which make up 80 per cent of total costs. However, the port is involved in a steady process of reducing manpower.

"We expect to continue cuts at a rate of 5 per cent a year for the next five years, all by voluntary means," Mr. Fitzpatrick said.

Meanwhile, investment in the port is continuing. In November, a Freightliners' terminal is expected to open.

● The port of Preston in Lancashire, owned by the local authority, has been told by Mr. Fowler that the Government is not prepared to give any more financial aid.

Companies respond to 'save fuel' plea

WEST MIDLANDS companies are implementing energy conservation programmes which are *giving savings of up to 25 per* cent says a survey by the regional office of the Confederation of British Industry.

The survey of more than 130 companies revealed only one which was doing nothing. Mr. Reg Parkes, regional chairman, said workers had co-operated enthusiastically with management in introducing schemes.

The most popular energy-saving measures were switching from oil to gas, extra insulation and temperature controls.

Cricket problem

THE BBC said yesterday it was still prepared to talk about the screening of next winter's cricket Test series from Australia. But described a demand from Mr. Kerry Packer, who holds exclusive TV rights to Australian cricket, as "totally out of the realms on which British television is normally based." The BBC denied reports that Packer had asked for more than £250,000 but added: "It is up to the Packer Organisation to make a more *realistic suggestion*."

Profit reported

WHOLESALE Vehicle Finance, a partly-owned subsidiary of the National Enterprise Board, yesterday reported a pre-tax profit of £451,000 for the six months ended July 1, 1979. The company was launched in January to enable BL distributors and main dealers in the UK to hold stocks of cars and light vehicles.

Pupils hampered

MANY CHILDREN are being hampered because their secondary-school teachers are insufficiently qualified to teach at the required level, according to a Government inspectors' survey made between 1975 and 1978. The survey was carried out at 51 grammar, 97 secondary modern and 236 Comprehensive schools.

Fewer fail

THERE WERE fewer company liquidations in the second quarter of this year, according to the Trade Department. Company liquidations, seasonally adjusted, fell from 1,250 in the first quarter, to about 910 in the second. Compulsory liquidations dropped from 580 to 310. Creditors' voluntary liquidations fell from about 670 to around 590.

Welsh employment

EMPLOYMENT PROSPECTS in North Wales have been boosted by the allocation of a further nine Welsh Development Agency factories which should provide nearly 400 jobs. The biggest venture is at Caernarfon where Davies and Field, part of the Raybeck retail group, is to take over a 10,000 sq ft unit to produce dresses.

Tonka pulls out

TONKA CORPORATION, one of the smaller U.S. toy manufacturers, is relocating its UK warehouse at its European headquarters in Battice, Belgium. About 12 UK employees will be made redundant.

Islanders' protest

THE EIGHT islanders on Flotta in Orkney are opposing the proposed siting of a £30m natural gas plant, which involves the grounding of two supertankers, off their island.

Aircraft on show

MORE THAN 70 different types of light business and executive aircraft are expected to appear at the sixth Business and Light Aviation Show, to be held at Cranfield aerodrome, Bedfordshire, from September 6-8.

Airtours' record

BRITISH AIRTOURS, the Gatwick-based holiday flying subsidiary of British Airways, earned a record profit of £1.7m before tax in the year to end-March last compared with a profit of £900,000 in the previous year.

Textile chief

THE YORKSHIRE-based wool textile industry is to be headed by Mr. John Robert Parr, aged 44. He will become Director-General of a new body which is to help the industry meet and adapt to changing conditions.

Press Council move

MR. KENNETH MORGAN, aged 50, deputy director of the Press Council, is to be its next director, the council said yesterday. He succeeds Mr. Noel S. Paul, who retires at the end of 1979.

ICI increase

IMPERIAL Chemical Industries is raising its polypropylene prices from September 1, by between 6 and 10 per cent.

Clinton Davis attacks Take-over Panel

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A STRONG attack on the City Take-over Panel for its "inadequacies" in dealing with Ashbourne Investments, has been launched by Mr. Stanley Clinton Davis, a Labour trade spokesman.

"In the Ashbourne case, the Take-over Panel has not exactly covered itself in glory," said Mr. Davis who was responsible for companies legislation as Trade Under Secretary in the Labour Government.

He was commenting, yesterday, on the Trade Department report issued earlier this week giving the results of its four-year investigation into the ownership and affairs of Ashbourne Investments.

The report concerned the attempt by a consortium headed by Crest International Securities and by Corporate Guarantee Trust to gain management control of Ashbourne in 1973-75.

The Trade Department inspectors censured the conduct of four individuals in the affair and said there were several areas where law and practice provided inadequate protection against abuse.

Mr. Davis said that the Take-over Panel's examination of the *proposed merger was superficial.*

"More than that, the Take-over Panel implicitly countenanced considerable delay in the making of the bid for Ashbourne and thus compounded the troubles which ensued," he added.

He alleged that the panel failed to think things through and had not ensured that the body, to which the management of Ashbourne was to be deputed, contained the necessary representation of the Board of Ashbourne.

"What excuse will the apologists of the panel find for its inadequacies this time?" he asked.

Mr. Davis urged the Government to revise its whole thinking on company law in the light of the Ashbourne report.

The Government should expand its "puny" Companies Bill by adding provisions dealing with the conflict of directors' interests, loans to directors, insider dealing and the need to recognise that directors had a duty to employees as well as shareholders.

Mr. Davis also called for action on the "window dressing" of company accounts which had been highlighted by the inspectors in the Ashbourne case. If action was not forthcoming from the accountancy bodies, the Government should build on the Protection of Depositors (Accounts) Regulations and make it obligatory to disclose information showing whether short-term deposits were in line with a company's normal business pattern.

Bid to retrieve illegal exports of art treasures

NEW MEASURES to retrieve antiques and paintings that are *illegally exported from Britain* are being considered by the Reviewing Committee on the Export of Works of Art, writes **John Hunt.**

The committee is determined to ensure that breaches of export controls are fully investigated and pursued through the courts, it says in its latest report which covers 1977-78.

"We are also concerned that there is at present no legal instrument providing for the retrieval of illegally exported objects, and we are investigating ways by which this could be achieved," says the report.

To ensure the strict enforcement of controls, the committee is keeping a full record of alleged breaches and the action that is taken in each case.

In 1977-78 28 applications for licences were considered. In 20 of these, it was recommended that a licence should be withheld but eight objects were eventually exported because no *UK public collection offered to* purchase them.

Tax adjustment might slow down index rise

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE AVERAGE increase in the retail price index over the 1979-80 financial year might be 14.3 per cent if the figures are adjusted for the impact of direct tax cuts. This compares with an estimated rise of 15.9 per cent over the period without this adjustment, according to the August issue of Lloyds Bank economic bulletin.

Mr. Christopher Johnson, the economic adviser to the bank, has calculated two new versions of the index, one adjusted for direct taxes and the other for indirect taxes.

The adjusted indices appear as the Government is considering the publication. Alongside the retail price index of a new indicator. This would aim to show the impact of income tax cuts as well as indirect tax increases on take-home pay.

The Lloyds bulletin concludes that in normal circumstances a direct tax adjustment raises the index rather than lowers it. An adjustment which strips out indirect taxes lowers the index. These normal circumstances are defined as when taxes are a constant proportion of the national income; when income rises faster than prices; and when direct and indirect taxes *move in line with each other.*

But the direct tax adjustment would lower rather than raise the index this year because of *the size of the cuts in income-tax.*

While a direct tax adjustment would reduce the average *annual increase* by 1½ percentage points to just under 13 per cent.

APPOINTMENTS

Senior Hongkong and Shanghai Bank changes

The HONGKONG AND SHANGHAI BANKING CORPORATION has made a number of changes in some of its senior positions. Mr. A. D. A. G. Mosley, an executive director, will now have overall responsibility for the bank's business relations with the People's Republic of China, and expansion of a group marketing division. He will also control all group management services. Mr. R. V. Munden moves to a new post of general manager, planning, of the group. He has been assistant general manager in charge of the bank's electronic data processing operations, telecommunications and other services. Mr. W. Purves, who was previously assistant general manager overseas operations, has been appointed general manager overseas operations, following the departure of Mr. I. H. MacDonald for the Americas. He has recently been made a director of Wardley. Mr. T. Welsh, formerly assistant general manager for the Colony, will be general manager Hong Kong, with responsibility for the bank's activities in the colony. He is a director of the bank's trustee, finance and hire purchase companies and also a director of Hang Seng Bank and the Community Chest.

*

A typographical error in the BOC INTERNATIONAL appointments yesterday incorrectly named the company's wholly-owned subsidiary Airco Inc. as [illegible]co Inc. Mr. Donald Reich, who is to join the Board of BOC International in October, is to become president and chief executive officer of Airco Inc.

*

Mr. J. G. Hayes will retire on October 10 as solicitor of EQUITY AND LAW LIFE ASSURANCE SOCIETY and will be succeeded by Mr. A. G. McIntosh. From the same date Mr. M. A. Aylmer and Mr. P. S. Sackett will become senior assistant solicitors.

*

Mr David Stutchbury, chief executive of REVERTEX CHEMICALS, is to relinquish his duties, at his own request, to take up an appointment with the Chettiar Research Institute in Madras, India. Mr. D. Stutchbury, who has been with the company for 35 years, became managing director in 1968 and has been chief executive since 1974. Mr. Kenneth Bushell will be taking over as managing director on September 1. He has been with the Revertex group since 1947 and was appointed assistant managing director in January 1978.

*

Sir Alastair Pilkington has now taken over as non-executive chairman of CHLORIDE GROUP in succession to Sir Geoffrey Hawkings, who has retired from the Board.

*

Lord Chelmsford, Mr. R. J. Elliott, Mr. D. J. Martin, Mr. J. E. Waite, and Mr. M. A. Wheeler have been appointed directors of WILLIS FABER. Mr. Martin will be based in New York from September, 1979.

*

Mr. Geoffrey Bull, Mr. Denis Hingston and Mr. David Lain have joined the partnership of WIDNELL AND TROLLOPE.

*

Mr. P. G. Coleman, regional director Southampton and Mr. D. B. West, regional director London South West, have been appointed assistant general managers of MIDLAND BANK with special responsibilities within the branch network reorganisation programme.

Government technicians settle for arbitration

By Philip Bassett, Labour Staff

CIVIL SERVICE technicians whose industrial action over pay has disrupted defence and other Government operations will resume normal working next week.

Union representatives overwhelmingly accepted yesterday that the dispute should go to arbitration.

The executive of the Institution of Professional Civil Servants agreed unanimously on a return to work after the decision of a special delegate conference of representatives of 50,000 professional and technical staff.

The action has included selective strikes by about 500 staff, lightning stoppages and an overtime ban. It has halted servicing of Polaris nuclear *submarines on the Clyde,* almost stopped all large-scale work in Government dockyards, and disrupted defence communications. Naval map-making, some defence power supplies, minting coins, and publication of Government papers and passports.

Mr. Bill McCall, the Institution's general secretary, acknowledged the considerable bitterness that has arisen between the *traditionally moderate union* and the Civil Service Department in the dispute but said that the move to arbitration was a satisfactory outcome.

Under the interim agreement the technicians will receive increases based on the reports of the independent Pay Research Unit (PRU) comparability study of 9 per cent backdated to April 1 and a further 5 per cent from August 1.

Further rises from January will be negotiated by the union and the department after Mr. David Calcutt, QC, chairman of the Civil Service Arbitration Tribunal, and two others have examined the union's claim that special factors have in the past added an average of 14 per cent to the technicians' PRU settlement.

The union claimed increases of 36-47 per cent, based on the special factors. The department maintained that there were no such factors and offered increases of 15.5-24.1 per cent.

Arbitration is not likely to begin until September and Mr. Calcutt's report will not be binding.

Supply boats start blacking rigs

BY NICK GARNETT, LABOUR STAFF

NORTH SEA supply boat crews at the main Scottish ports have obeyed an instruction from the National Union of Seamen not to service rigs and platforms involved in the offshore catering workers' strike, the union said yesterday.

The union expects crews on supply boats at sea to follow the instruction once they have returned to port.

At least one oil company was *reported yesterday to have hired* a Norwegian-owned supply boat operating from Aberdeen to replace a UK boat.

The seamen's union and the Transport and General Workers' Union, which represent the striking catering workers, are appealing to European unions to prevent that from happening.

The supply boats carry heavy equipment and materials to North Sea installations. Their withdrawal from service would not normally affect oil production significantly for up to a month. The effect would be much more immediate, however, for a well that ran into mechanical difficulties.

The seamen's union said most *lorry drivers were refusing to* cross its picket lines at Aberdeen, principal port for servicing North Sea installations.

The four catering companies in the dispute service 27 rigs and platforms.

The companies, which formed a Catering Offshore Trade Association, reaffirmed that nine installations were unaffected by the dispute and the rest were being manned by non-striking and management personnel. They said that 500 of their workforce of 1,100 were on strike.

The unions' claim is for a minimum rate of £600 for a two-weeks on, two-off period. The employers have offered £440.

Mr. Peter Nielson, personnel director of ARA Food Services and spokesman for the four companies, said that the union's original claim amounted to £14,000 a year for the lowest grade of catering employee.

Mr. Nielson said that the offer covered a *14-day* trip and equated to £5,720 a year for a cycle of 13 trips for unskilled workers doing domestic and general cleaning duties.

The offer represented a rise of between 43 and 59 per cent, with the more highly paid cooks, bakers and chefs also offered substantial increases.

"I cannot think of any other group of employees in the UK *economy which has achieved* pay increases of this magnitude and it needs emphasising that it places the earnings of the lowest grade of offshore catering employee above those of a skilled craftsmen in most industries," Mr. Nielson said.

No delay in Harland job cuts

By Our Belfast Correspondent

HARLAND AND WOLFF, the *state-owned Belfast shipbuilder,* told trade unions yesterday that it could not postpone a cut of 630 in the labour force even if productivity was improved.

Mr. Ronald Punt, managing director, told the Confederation of Shipbuilding and Engineering Unions that its offer to help improve company performance could assist the shipyard in the long term, but it could not alter the position on redun*dancies in the short* term.

The decision to reduce the 8,000 labour force was brought about, he said, by the world *shortage of new orders,* EEC agreement to reduce capacity and government limits on financial support.

The Confederation, which sought the meeting to ask for a six month delay in the redundancies, fears that up to 1,800 jobs may be lost by March. The management, however, has not yet confirmed the figure.

The company regretted, said Mr. Punt, the need for a cutback but it had to consider how to safeguard the jobs of the majority of the labour force.

The Confederation said it had pressed the management to wait until recent productivity agreements had shown results but this had brought no favourable response.

The company agreed to further talks with the unions on ways of making the improvements.

Demarcation dispute on Clyde may end

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE INTER-UNION dispute that has kept the British Steel Corporation's £100m ore terminal at Hunterston on the Clyde idle since it was completed in March, could be settled next week.

Leaders of the two unions involved, the Transport and General Workers' Union, which wants the jobs the terminal will provide to go to unemployed dockers, and the Iron and Steel Trades Confederation, which wants them to go to redundant steelworkers, met at Hunterston yesterday.

Afterwards Mr. Bill Sirs, general secretary of the steel union, said that although no agreement had been reached a formula had been worked out which might lead to a settlement at a further meeting in Glasgow next Friday to be held under *TUC chairmanship.*

Mr. Alex Kitson, executive officer of the TGWU, said that the two unions understood the *importance to the economy,* to unemployment and to the steel industry of getting the terminal into operation.

He blamed the dispute on the Clyde Port Authority, which operates the port at Hunterston. It has not carried out sufficient consultations in the early stages of planning as to who should man the terminal, he said.

The transport union has still to negotiate with the Port Authority on wages and conditions of dock workers to be employed at Hunterston.

British Steel is very anxious to get the terminal into operation. It was two years late in being completed.

Scottish jobs campaign

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE SCOTTISH TUC is to launch a major campaign against *the Government's industrial* policies which, it says, will hit time since the 1930s.

The General Council decided *yesterday to call a special con*ference before the end of the campaign, and to hold a demonstration next month to draw attention to the particular prob- of youth unemployment.

Mr. James Milne, General Secretary, said that the con*ference would lay the basis for* a massive all-Scotland campaign to make the Government change course. The Scottish TUC would also *ask for a meeting* with Sir Keith Joseph, the Industry Secretary, possibly during his planned visit to Scotland next month, and for a meeting with the Prime Minister.

Union report on Laker 'misleading'

LAKER AIRWAYS today answered allegations that it had refused to co-operate in a survey on trade union recognition as "misleading." The Arbitration and Conciliation Service, claimed in a report on Wednesday that it was unable to make any recom*mendations because of the* company's refusal to co-operate.

The company was referred to ACAS over a recognition dispute with the Transport and General Workers' Union, which is seeking to represent air cabin crew.

ACAS said the company had refused to circulate the *ACAS questionnaire.*

A Laker spokesman said yesterday that the report was "fundamentally misleading." *The Laker Airways Cabin* Staff Association and the TGWU had both directly circularised cabin staff with application forms. *The forms* were also available in the general crewroom.

GEC STRIKE: Nearly 2,000 manual workers at the GEC complex in Stafford are to take indefinite strike action *from today, following a break*down in pay talks. The workers, who want a 20 per cent wage rise, yesterday rejected the latest offer as "rubbish."

Engineers may escalate action

By Alan Pike, Labour Correspondent

THE engineering unions "cannot discount" an all-out strike *and area selective strikes over* their national pay claim, Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, said meeting of the Confederation of Shipbuilding and Engineering Unions' executive in London.

The meeting unanimously *renewed its support* for the national overtime ban which began this week and for a series of one-day strikes throughout the industry, the first of which will be on Monday.

At the Austin Morris car plant at Cowley yesterday workers on the Princess line stopped work to protest against an instruction to support Monday's strike. The company says there is resentment among workers about the loss of earnings which they will suffer by joining the stoppage.

The unions are seeking a new *minimum craft rate of £80 per* week, a one-hour reduction in the working week this year, two days extra holiday and a common implementation date for the new national agreement.

Earlier this week, Mr. Duffy claimed that some employers were breaking ranks from the Engineering Employers Federation's resistance to the claim and were settling individually.

He said yesterday that at least *40 companies had now settled* in this way but the federation replied that it knew of only one, a firm in south Lancashire.

The unions will not name companies which they say have conceded the claim.

Mr. Duffy warned that if there was no approach from the employers during the next week or so, the confederation was committed to stepping up its action.

The employers' federation which has offered to increase the basic craft rate from £60 to £70, expects to have today results of a nationwide survey of the effectiveness of the overtime ban.

First reports from the west *Midlands, where there are 1,200* member companies, claim that 104 companies are suffering the ban.

● The 4,100 hourly paid employees at Rolls-Royce Motors' Crewe factory have accepted a 12-month pay settlement giving increases of between 11¼ and 13¼ per cent.

ENERGY REVIEW: SAUDI ARABIA

BY JAMIE BUCHAN IN JEDDAH

Complex patterns on a raised ceiling

ON JULY 2, the Saudi royal court announced its long-awaited decision to raise production from its major fields above the levels of the second quarter. The increase of 1m *barrels per day* on top of the official annual average of 8.5m bd, reversed a trend in Saudi oil sales policy.

Large volumes of extra oil suddenly became available to the four U.S. companies that are partners with the Saudi Government in Aramco.

These companies, Mobil, Exxon, Texaco and Socal, share a 40 per cent holding in Aramco, which lifts 98 per cent of Saudi crude. They are entitled to a portion of that crude according to their shareholding.

Up to July 2, that entitlement had been successively reduced even though Saudi production had been rising to make up some of the shortfall in supply caused by the Iranian disturbances. At the height of the shortage in the spring, the Saudi oil minister Sheikh Ahmad Zaki Yamani, said: "In the first eight months of 1978 we were producing below 8m barrels a day . . . when we started to produce 8.5m b/d, we simply did not give (the Aramco companies) the additional oil.

"Instead, we sent it mostly to countries like Bangladesh, India, Thailand, the Philippines, South Korea, Morocco, the Sudan and so on. We feel certain obligations to these countries so we are helping them out with oil."

In contrast, at the July production boost, the Aramco companies started receiving 800,000 *b/d or more over their regular* entitlement of around 6.7m b/d. Petromin, which handled the sales to the developing countries that Sheikh Yamani referred to, got the leavings. Apparently, the state oil agency's only firm contract was a 100,000 b/d deal with ENI, the Italian state hydrocarbons agency, completed in June but contingent on the production increase.

The effect for the Aramco partners was apparent when the smallest, Mobil, which has just increased its stake to 15 per cent, told customers and affiliates that their third quarter crude supplies would be cut back by only 4 per cent because of the Saudi increase. The second quarter cut back had been 17 per cent.

Evidence that the decision to increase production was largely political in inspiration is clear *against the increasing role taken* recently by Petromin in selling Saudi oil in direct contracts with foreign governments and state oil *concerns.* Apart from the ENI contract and Sheikh Yamani's bits and bobs Petromin has also signed three large three-year deals this year—with Hispanoil of Spain (100,000 b/d), Korean Oil Development Company (50,000 b/d according to Korean Press reports), and *the Greek government (around* 50,000 b/d). Last year, Petromin entered into a contract with Petrobras of Brazil to supply all Brazil's Saudi imports. This was a large chunk of the major's business, since Saudi oil amounted to a third of Brazilian imports, or 191,000 b/d, last year.

As the oil market tightened and the majors started cutting allotments, the trickle of Petromin applicants became a flood. When the governor, Dr. Abdul Hadi Taher, announced at the beginning of June that all available Saudi crude at, *presumably,* the 8.5m b/d ceiling, was taken up, he had on his desk requests from India, South Korea, Taiwan and, in the longer term, Malaysia and the Philippines. At the same time, Turkey was apparently poised to put in a major request for *volumes of the order of 100,000 b/d.* This arose because foreign exchange problems has led Turkey into difficulties with its medium-term contracts and forced it to make costly incursions into the spot market.

Of European countries, at least Sweden and Belgium were *looking for* Petromin-guaranteed supplies to tide their depleted stocks over the winter. The West German energy concern Veba was also understood to have initiated talks on supplies of the order of 50,000 bd.

Two other factors, related to the long-brewing moves to take over Aramco completely, have attracted the Saudi Government to direct sales. In the first place, *they provide valuable market*ing experience for an agency which is likely to be absorbed into the Saudi national oil com*pany following the planned 100* per cent takeover of Aramco. At the same time, though control can never be airtight in the murky global oil market, direct sales do provide a greater degree of control over the destination and price of Saudi oil.

The arguments gained added force in May, when cargoes of Arabian light, despatched and invoiced at the Ras Tanura terminal at the official OPEC price *of $14.54 a barrel,* were reappearing on the Rotterdam spot market, presumably beyond Saudi Arabia's control, in *traded lots of over $30 a barrel.*

Admittedly, these traded lots would also have contained Petromin oil as a result of customers — for example, the Greek Government—trading away the low-sulphur Saudi crude for a different quality crude better *suited to its refineries.*

Even so, it was the majors who took the Saudi flak. Faced with the obligation, for political advantage, to sell oil *at a lower* price than the other OPEC members, Saudi officials from Crown Prince Fahd down expressed disgust at what they *called oil company profiteering.* At the same time, the Saudi Government denied Kuwaiti Press reports that Petromin was selling in *the spot market.*

In a reference to the Aramco takeover, Dr. Taher said: "The only way to curb such speculation is through complete Saudi ownership of production and marketing facilities."

The irritation would have been increased when the oil companies *started cutting their* allotments to Saudi Arabia's political allies.

Although Petromin negotiates the terms of its contracts—usually at the official OPEC price—the actual decision to sell is made at the highest level. The Greek contract, for example, was sealed by the Crown Prince and Premier Karamanlis on their way to Riyadh airport in February.

Equally, senior Saudi officials attempt to exercise a degree of control over the final destination of Aramco oil, although the partners, like Petromin, jealously guard the details of their oil contracts. The Kingdom, unlike Kuwait.

Without doubt, distress at the turn the Camp David peace process had taken could only *increase the attraction of selling* oil outside the majors and the U.S. That this had been downgraded in importance by the beginning of last month is apparent not only in the volumes going to the Aramco partners since the increase but also in the announcement of the increase itself, which was carried to President Carter through his special Middle East envoy, Mr. Robert Strauss—a link with the peace process that would have been avoided at all costs had it not been intended as a contribution to *improving the atmosphere.*

This, together with a recognition of the import quotas set at the Tokyo summit and an attempt to re-establish the Saudi reputation for moderation, no doubt provide the chief political reasons behind the move. At the same time, a number of developing issues will also be factors in whether the increase is temporary, as Saudi officials insist, or a new *plateau to replace* the old annual average ceiling.

Apart from increased revenue—Saudi Arabia has been financing development from deficit for at least one year—additional Saudi oil will be required for rocketing domestic consumption and for incentive oil for foreign *partners to compensate* for the cost penalties and marketing problems associated with new petrochemical projects.

At production of 8.5m b/d, the Aramco partners are entitled to buy between 6.5m and 7m b/d. In May, MEES reported that the Saudi Govern*ment had cut the entitlement* to 6.7m b/d—which is within the 10 per cent flexibility permitted in these contracts, unlike those of Petromin. In June, the entitlement was believed to have increased somewhat.

Although no up-to-date figures are available, domestic *consumption,* supplied by Petromin through the Ras Tanura and refineries at Jeddah and Riyadh, is reported to be running at 400,000 b/d. This would leave Petromin with an upper limit of 1.6m b/d for disposal for export under the official ceiling. The lower limit would be 1.1m b/d.

In fact, however, published sales show that only a little over 700,000 b/d was being sold in this way—or rather over 800,000 b/d if the ENI contract is taken into account. Admittedly, Petromin sales to Africa are more than usually shrouded in mystery. Even so, sales to Zambia, Morocco, Liberia and a group of West African francophone countries would be unlikely to be much in excess of the 40,000 b/d deductible from SAMA's report on the first half of 1978.

Extra sales would also come from non-government contracts. The Japanese trading houses take 25,000 b/d of Petromin oil and Petromin has contracts in force with two minor U.S. oil companies, one of them Ashland. It is also understood that Petromin will sell crude to the Aramco partners if it has been *unable to place it—as probably* happened in the glutted conditions of early last year.

Oil analysts in Jeddah believe this is the present limit of Petromin contracts—an indication that, in themselves, these will not oblige the Government *to lower the oil available to the* Aramco partners.

But Petromin's domestic market has been growing at a rate of over 30 per cent a year since 1973. The latest available figures show a domestic market of 211,000 b/d in 1977, but in *the words of Hussein Linjawi,* manager of Petromin's east-west pipeline project, "domestic consumption is amazing. It has just quadrupled and quadrupled." The Jeddah refinery is running at full capacity: Riyadh is undergoing a large expansion. Construction is also just starting on a 170,000 b/d domestic refinery at Yanbu on the Red Sea and Petromin is already *talking of expanding this during* the 1980s to 420,000 b/d. If fuel demand continues to climb at its present rates, Saudi Arabia will need considerably over 500,000 b/d for its own use by *the early 1980s.*

Saudi officials also insist that agreement will be reached on at least two heavy industrial ventures this year. *All* the Aramco partners are involved in negotiations either with Petromin for three export refineries or the Saudi Basic Industries Corporation, for seven petrochemical schemes. Also involved are a large group of Japanese companies and a number of smaller U.S. companies and other multinationals. Shell Oil Company (U.S.Z.) is the foreign partner in the *most advanced* of the schemes — a $2bn petrochemical plant to produce 656,000 tonnes of ethylene a year at Jubail on the Gulf coast. According to Sabic's chief executive, Abdul Aziz al-Zamel, "the oil entitlement is the last major agreement" on the project.

The interested firms, many of whom have seen major cuts in their supplies from Iran have been talking privately of oil up to 1,000 b/d which they will be able to buy for every $1m invested. The oil is expected to become available as soon as the Sabic board gives final approval to the project.

The Saudi pressure for completion of agreements cannot be exaggerated, since they are the basis for future industrial *planning. Last month,* in talks with Japan's Minister of Trade and Industry, Mr. Esaki, the Saudi planning minister, Sheikh *Hisham Nazer,* is reported to have asked for an increase from 350,000 to 420,000 tonnes a year for a Jubail ethylene plant in which Mitsubishi and 53 other Japanese firms are involved and which *MITI is backing.*

The incentive oil levels are to be fixed by the Supreme Petroleum Council, the Crown Prince's top advisory body on oil and gas policy. The Council *had been expected to make the* decision at a meeting to have been called in February to fix the oil entitlement for the Aramco partners in the takeover. The meeting never went ahead, although grounds for delay appeared to be called for by the companies, who face a large tax exposure in the U.S.

Informed sources now believe that the Council will meet separately on the incentive oil and *that the question of the* Aramco takeover, which apparently still carries unresolved issues of financing, entitlements and taxation, will hold over for another year. The net result of this schedule would be that the four companies would immediately lose their privileged access *to Saudi oil.*

As usual, the actual level of Saudi production and the interplay of political and development concerns affecting it will be the deciding factor. Any recovery in Iranian exports, progress toward satisfaction of Saudi demands over the Middle East peace treaty, and world demand will go into the equation. In that respect, it is too early to predict that the 9.5m b/d flow will be permanent.

If agreement is reached on the two petrochemicals projects this year, a return to 8.5m barrels a day will, at the very least, call for a downward revision of the Aramco entitlements and a halt to new large-scale *government — to — government* sales.

SAUDI ARABIA'S OCTOBER 1978 PLAN
(total crude output, m.b/d, mid-year levels)

Year	Production	Maximum sustained capacity (limited by the number of wells)	Snapback maximum Sustained capacity*	Facility capacity
1978	7.4	10.1	10.1	12.5
1979	7.4	10.5	10.8	12.8
1980	7.4	10.2	11.0	12.8
1981	7.4	10.5	11.4	12.9
1982	8.0	10.6	11.5	13.0
1983	8.5	10.8	11.9	13.2

*The amount of capacity that would be sustainable one year after a decision were made to increase the rate of well drilling.

Source: U.S. Senate International Economic Policy Committee

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Kenneth Gooding and **Hazel Duffy** examine how mammoth investment programmes by Britain's two largest car manufacturers are giving the domestic industrial equipment industry a chance to prove its worth against foreign competition.

Ford's capital opportunity for UK equipment makers

THE flow of orders from Ford for capital equipment, plant and buildings in the UK reached a peak in 1978. In all the group placed contracts worth a total of around £165m. The main element in the programme, and the one which pushed orders to record heights, was the new £250m engine plant going up at Bridgend. About £90m of the 1978 order total will be spent at Bridgend.

Within a few months of the project being announced, Ford had ordered £8m of equipment from West Germany and £18m worth from American companies. Given that the UK Government is contributing an estimated £76m towards Bridgend, this naturally attracted adverse comment.

However, Ford insisted that the contribution from UK equipment-makers would build up later to more than half. Sure enough, by the end of the year it was on target. About £45m of orders had been placed in the UK, £24m in the U.S. and £15m in West Germany, out of the £90m total for Bridgend.

This year there will be a short pause in the order flow but in 1980 and 1981 Ford expects to be back in the market with a bang.

That is not to say that Ford will cut back spending and investment this year; it is just that the order flow will not be at such a surging rate.

Apart from the Bridgend project, the group is currently modernising its forge at the Dagenham plant; modernising the Halewood plant to make room for the Erica, the replacement for the Escort which should reach the market at the end of next year or early in 1981.

Bridgend will make engines for Erica, a model which will also be assembled elsewhere in Europe. Press shops at both Dagenham and Halewood are being improved.

Dagenham's Dorset diesel engine line is being re-equipped. And the two truck plants, at Southampton and Langley, are having considerable sums spent on them, in particular for new painting systems.

In Northern Ireland the carburettor plant is being expanded.

Last year the rate of ordering reached such a peak that Ford had to bend some of its own rules. The usual policy is that Ford does not want to account for more than 30 to 40 per cent of any one supplier's total output. "That is not healthy for them—or for us," comments John Chelsom, Ford's procurement manager.

Ford dismisses suggestions that it does not give its suppliers adequate warning before it goes on a spending spree. Once any capital expenditure programme is approved by the Board of the parent company in the U.S., it then feels free to inform potential suppliers about the plans—this is normally about three years ahead of the completion date for the programme in qestion.

Within a few months of the decision to go ahead with a new model the main suppliers likely to be involved are individually contacted, given fairly detailed information about the types of plant and equipment required, about the timetable and about what Ford is prepared to spend.

Potential suppliers in the UK, West Germany and the States all received the same information at about the same time.

Ford has organised itself as a European group rather than one based in one particular country; so purchasing is coordinated on a European basis too. One office in the UK and another in Germany share the task.

When selectiong a particular item of equipment, Ford looks first to see if the technology is right—will it do the job reliably?—and then to make sure it can be delivered to suit the timetable of the project for which it is required. Only at that stage does price become important when comparing one competitor with another.

But the fact remains that some German and U.S. concerns won recent contracts because their prices were lower than the UK competition. On the other hand, last year about £4m-worth of orders was turned away by Briths companies which said they either lacked the capacity or the special machinery or tooling required.

Ford insists that, far from deliberately looking outside the UK for equipment, its buy-British policies have had a beneficial effect on many machine tool companies.

For example, it encouraged some of its suppliers to compete for orders from Ford in the States which has now started a $20bn. five-year, investment programme to produce the new cars which can meet the forthcoming stringent fuel economy and emission control standards set by the U.S. authorities.

As a result Newall Engineering won first a $3m contract for eight pin grinding machines for Ford's Cleveland plant and this was followed in the past couple of weeks with a further $5m order for similar machines for Ford's facility at Winslow in Canada. To get these orders Newall had to guarantee that there would be adequate service back-up facilities—and indeed has put people into Chicago for this purpose. Ford UK was able to give reassurance to its American parent that Newall would make good its guarantees.

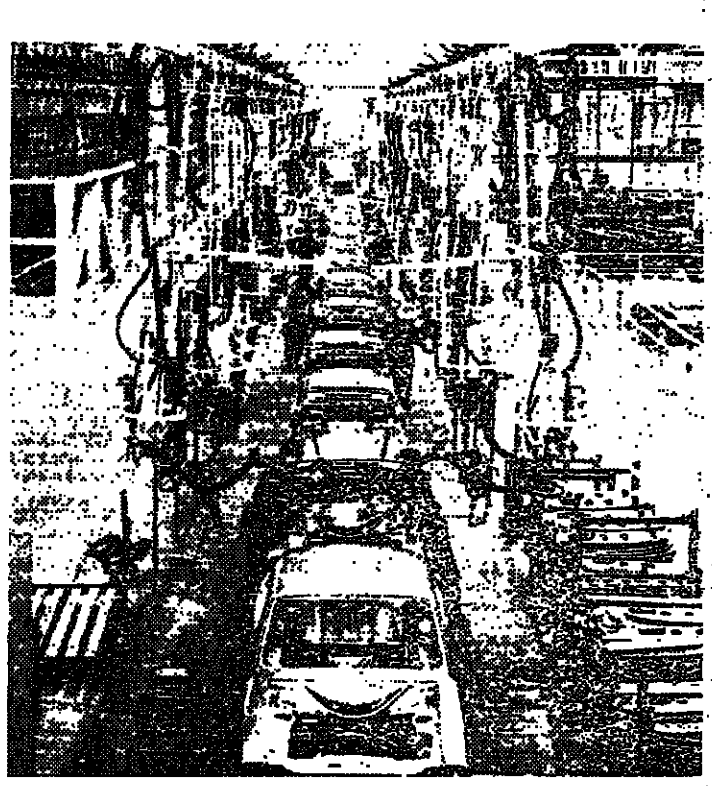
Newall's sister company within the B. Elliot group, Keighley, has also won orders from Ford U.S., as has TI Churchill.

And it is not only the long-established companies with well-tried machines and technology which have benefited from Ford's purchasing power. Such was the case as far as Eurowide, a company set up only six years ago, was concerned. In John Chelsom's words: "We knew they had the technology we needed and we helped them with bigger and bigger orders."

Eurowide competes mainly with West German and U.S. concerns in the supply of automated handling equipment and industrial washing machines for the motor industry. Its first orders from Ford were for the Fiesta project in Spain. They were relatively modest. The latest orders were worth £4.5m to supply automated handling equipment for all the cylinder block lines and two of the crankshaft lines at the Bridgend engine plant.

John Chelsom says: "We try to work with our suppliers, to help them develop—to grow—because in the end that helps us too."

K.G.



ABOVE: Engines for BL's Rover 3500 range—investment in group plants runs at around £200m a year, with equipment generally being purchased in the UK, if obtainable cheaper elsewhere. ABOVE RIGHT: One of Ford's German plants—the group is organised on a European basis and about half its budget for new equipment in the UK is spent outside the UK.

Cautious BL aims to buy British

DURING THE past couple of years, BL has embarked on a huge capital investment programme for the production of a new mini model and to expand the manufacturing facilities for the Rover line. In 1978, BL's capital spending was £233m, while the prospect is for investment to exceed £200m annually for some time to come.

All this adds up to an attractive market for the manufacturers of machine tools, handling equipment, etc. As the only British-owned major motor company, British manufacturers naturally hope that they will land the orders for this equipment. In fact, BL's philosophy, as spelled out by Michael Edwardes, is that it will buy British wherever there is no disincentive in so doing. This means that *if* British companies can tender at the same price, deliver within the same times, and offer a comparable product, then they, rather than foreign competitors, will get the contracts.

In practice, a high proportion of equipment is purchased in Britain. An example of where this has not been possible, however, is the automatic welding equipment ordered from Kuka, the German company, which is being installed in the new Mini plant being built at Longbridge. BL says that no British company was able to offer such equipment, but adds that Kuka has subcontracted as much as possible to Britain.

The super Mini — now officially christened the Metro—is scheduled to go into production in the second half of next year. The whole project, which includes the modernisation of Longbridge, involves expenditure of £275m. The launch of the Metro will mark a significant step in BL's bid for survival as a volume car manufacturer. It is vital therefore that the tooling-up programme runs according to schedule, which means there must be continuing liaison between BL as the purchaser, and the companies from which it is buying the machines.

Machine tool manufacturers have sometimes criticised their major customers (and the motor industry is the biggest single market for machine tools) for not giving them sufficient notice of their requirements. They maintain that the links between the machine tool and motor industries in Europe are much closer than in Britain.

Mr. Lester Burford, purchasing director of Austin Morris, sees it from another viewpoint. On a major project like the super Mini, there will almost certainly be changes made to the product between the time that an order is placed for a specialist machine and its final delivery. The machines will have to be adapted to take account of these changes, which in themselves may well be made in response to developments in the market place. Mr. Burford says: "Sometimes there is a lack of understanding on the part of the machine manufacturers about how complicated the motor industry is, and they do not always appreciate that cars are a consumer product. We have to respond to the market if we are to survive."

The machine tool industry in Britain has gone through an extensive rationalisation period over the past 20 years. This has led to the situation where there might be only one or two companies which can make a particular item of machinery. By sticking as far as possible to a "buy British" policy, a company can find that it has little choice of suppliers.

BL has managed, however, to place a high proportion of its machinery requirements with companies in Britain. In the 15-month period to the end of 1977, BL Cars ordered 451 machines, of which 86.3 per cent were supplied by companies in this country. Last year, BL Cars ordered 530 machines, of which 91 per cent, with a value of £43m, were supplied from Britain. Machine tool companies from which BL orders include KTM (Kearney and Trecker Marwin) and Cross International, which are probably the two biggest suppliers, plus Alfred Herbert, Landis Lund, Wickman, Cincinnati Milacron, Frederick Pollard, Ex-Cell-O Corporation and Wavis. (Four of these companies are American-owned.)

The decision about those companies to be awarded an order is made by a tenders board at Austin Morris. The board is made up of engineers and finance managers. The original specification for a machine is drawn up by Austin Morris engineers. This is submitted together with a recommended list of manufacturers to the purchasing department, who then send out the inquiry, together with the standards that have to be met, to the prospective suppliers. A short list is drawn up from the tenders, and this will be investigated further by the engineers on the tenders board before a recommendation is made.

BL says it gives a lead time of 2½-3 years for a major piece of equipment like a transfer machine. For its standard machine tool needs, however, the company usually finds it is seeking to order at the same time as the rest of industry, which means that it sometimes has to import.

BL Cars' major investment programme, in addition to the super Mini, is the expansion of the Range Rover and Land-Rover plants at a cost of £285m. On a much smaller scale, BL Commercial Vehicles has announced a £30m investment programme for new assembly facilities at Leyland, Lancashire. Each project is a major source of orders for the machine tool industry, but just as important are the opportunities that they offer for technological development, thereby enabling the industry to compete internationally.

H.D.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TRANSPORT

Two ways to brake rolling stock

TESTED by the New York Transit Authority and latterly by Montreal Metro, the Godwin Warren friction buffer (known in America as a bumping post) is gaining widespread acceptance.

Developed by Godwin Warren Engineering, of Bristol, (GKN Group), it can be used in rail terminals and sidings and also in a retractable form underground. By absorbing the shock of impact and providing a static brake which progressively increases its frictional contact with the rails, the friction buffer is able to stop trains in a predetermined distance.

The buffer unit is mounted on the track and slides under impact. Friction shoes incorporating phospher bronze blocks are used to control speed and distance of slide and are mounted behind the buffer unit. The more shoes used, the greater the retardation.

GWE friction buffers are designed to prevent damage to rolling stock, reduce the risk of injury to passengers, lessen the danger of derailment and assist in preventing over-runs. Further from the company at Emery Road, Bristol, BS4 5PW. 0272 778399.

Meanwhile, in Sweden, the State Railways and ASEA have jointly developed a hydraulic retarder with self-regulating braking power for use in railway marshalling yards.

This spiral-type retarder consists of a steel cylinder, bolted to the rail. As each wagon wheel passes the retarder, it runs on a spiral cam, which under hydraulic resistance forces the cylinder to rotate one revolution, thus braking the wheel.

Each time the cylinder *rotates, it starts an* internal hydraulic pump, which yields an oil flow proportional to the wheel speed. At a preset value the oil flow is shut off and is not released again until the oil pressure corresponds to a braking force of 10 kNm. The wagons will therefore be braked smoothly and precisely. Retarders working according to this principle do not require any measuring device. Nor do they need computer control.

In many places railway wagons are still being classified manually with braking shoes. This often exposes the personnel to great risks and inevitably leads to jerky handling of the wagons, where the goods can be easily damaged.

With the hydraulic retarders it is possible to achieve more rational goods handling, reduced damage to goods and quieter classification of wagons. They will consequently be one of the factors that will help to speed up the change-over from road transport to rail transport of goods.

ASEA, Villiers House, 41 Strand, London WC2N 5JX. 01 930 8411.

● POWER

Sources of supply

THREE announcements of power sources and associated devices have recently been made.

High voltage dc modules from Hunting Hivolt can provide potentials from 11 to 18 kV and are aimed at companies making video display units, electrostatic equipment, lasers and other high voltage apparatus. Input is 24 V dc, or if required from any voltage between 12 and 28 dc. Output is six watts maximum and the voltage is adjustable down to 50 per cent of the rated maximum. More from Old Shoreham Road, Shoreham by Sea, Sussex West BN4 5RL (07917 4511).

Walmore Semiconductors can supply monolithic voltage regulator integrated circuits which have an on-chip trimming system to give an output voltage accuracy within 1.5 per cent. The circuits are made by Silicon General and are available with output voltages of +5, +24, −5, and −15 volts with output currents up to 1.5 amps. More from 11, Betterton Street, London WC2H 9BS (01-836 1228).

Galatrek Engineering, Scotland Street, Llanwrst, Gwynedd, North Wales (0492 640311) has released a range of 21 ac mains voltage stabilisers and cut-outs. Stabilisers using the ferro-resonant technique to achieve a regulation of 2 per cent while other use "buck and boost" transformers.

● RESEARCH

Produces a blue light

USING fabrication methods which have been developed at the Technical University of Hanover, Siemens researchers have produced, on a laboratory scale, light emitting diodes that give a blue light—the one colour that would complete the led spectrum.

The method is based on the deposition of epitaxial silicon carbide layers from a silicon melt on silicon carbide subtrates. Aluminium (for p-type) and nitrogen (for n-type) doping are used, and re-doping during epitaxial growth produces pn junctions.

Emission is a maximum between 460 and 480 nanometres wavelength, the *current* taken 50 mA.

Siemens points out that the chief obstacle in the way of manufacturing such diodes is the absence of large area silicon carbide crystals for the subtrate materials. The company says it is impossible to forecast when such blue diodes will become available.

● SECURITY

Valuables kept safe

AVAILABLE FROM Crado Devices, 3 Bluebell Wood, Billericay, Essex (02774 58232), is a hotel room safe with a double entry combination locking mechanism which does away with guest's keys and master keys.

The door has four dials each marked with the letters of the alphabet, providing over 456,000 codes which the company claims are more easily remembered than numerical ones.

The user programmes the code himself with the door open by setting up the four dials: the code can always be changed with the door open. The door locks as soon as it is closed and can only be opened with the chosen code.

Management can gain access using a secondary combination code in conjunction with a management key. Thus, hotel staff cannot open a safe unless they have both the key and the management code: the latter can always be changed as staff changes, or if the keys are lost, suspected to have been copied, or stolen.

The company emphasises that the trickster who might claim that he put a large sum in the safe to find it gone in the morning can be guarded against by notices pointing out that high value items should be left with the hotel security officer.

● ENERGY

Takes heat to remote points

HEAT PIPES provide a most efficient means of transferring large amounts of heat energy, with no moving parts and the simplest of structures.

Basically a closed metal tube which, by and large, can be shaped in almost any way to suit the application, it enclosed a volatile fluid.

This evaporates readily on heating and the vapour moves towards the further, cool, end of the tube. There, it condenses, releasing heat and is absorbed by a wick which transports it by capillary action back to the starting point.

But they have a weakness in that gravity limits their effectiveness to the equivalent of about 12 inches head, due to the properties of the capillary structures used.

Designers at Hughes Aircraft, seeking to overcome this problem, have applied osmotic pumping to the heat pipe with considerable success.

Osmosis is the pumping action which takes place when solutions of differing concentrations are separated by a membrane permeable to the solvent but impervious to the solute. Solvent will pass from the low to the high concentration side till equilibrium is reached on both sides.

Combining this action with the heat pipe harnesses the heat being transported to separate pure solvent vapours from the mixture. At a convenient point along the new type of pipe, the heat *is* released as the solvent condenses. The pumping action brings this fluid up against the membrane on the other side of which is a solvent-solute mixture which is being continuously concentrated as solvent is boiled off.

This "osmotic pumping" develops enough power to overcome gravity to considerable heights—possibly thousands of feet.

But while the heat pumps now in use in areas from spacecraft to large furnaces will cope with temperatures from minus 240 to plus 1,450 degrees C. the limiting factor for the new concept will be the membrane, though designers are hoping to run the pump at 300 degrees without material degrading.

Hughes Aircraft Company, Building 100, M/S C680, POB 90515, Los Angeles, Cal. 90009. U.S.

Small water turbine

NOW IN the production prototype stage at Pullen Pumps, 58, Beddington Lane, Croydon, Surrey (01 684 9521) is an in-line water powered turbine for driving small ventilation fans and air cooling units in mines and other locations where intrinsically safe (flame-free) equipment has to be employed.

Although not yet in full production, running tests have already demonstrated that a shaft output power of about 0.1 brake horse power can be achieved at 3,000 rpm. Flow-rate is 6 gal/min, supply pressure 200 lb/sq inch, outlet back pressure 50 lb/sq inch.

In a typical mining application a number of these motors might be sited at the working face several hundred yards away from a central water pumping station near the shaft bottom where the combined resistance losses of the lengthy supply and return could be up to four times greater than the actual pressure drop through each turbine. The new device is able to work against a relatively high back pressure.

The turbine is of a very simple design with large clearance between multiblade rotor and housing. Shaft bearings and thrust washers are supplied by Glacier Metals, and the high pressure mechanical seal can take working water pressures up to 800 lb/sq inch.

An associate of the pump company, Pullen Product Developments, is at the moment designing various air moving and air cooling devices around this turbine motor and would welcome enquiries from industry about applications in hazardous places.

● HANDLING

More room in freezer

A NEW type of conveyor belt designed and patented by Frigoscandia is the key to the operation of the companys' Gyrofreeze Compact in-line freezer.

Frigobelt is distinguished from existing types by its self-stacking facility; each tier rests directly on the vertical side links of the tier beneath. This construction eliminates the need for rails and runners and allows more tiers of belting to be installed in a given space. The freezer itself has up to 50 per cent greater capacity than a conventional spiral belt freezer of similar height.

Internal structure is also simplified by the self-stacking belt design. The customary friction-drive capstan is replaced by a chain-driven carousel, on which the spiral rests, and a light framework of idler rolls to steady the stack.

Side links form a closed tubular freezing zone which effectively channels the vertical air flow and removes any risk of lightweight products being blown or tumbled off the belt. Hygiene is also improved because there are no stationary parts inside the freezing zone. Product comes into contact with nothing except the stainless steel belt which is regularly cleaned and de-iced in an external washer.

The Frigobelt stack turns as a unit, with no relative motion between the belt tiers, carrying the products safely and smoothly through and out of the freezing zone without any risk of blockage.

Frigoscandia, Scania House, Hoddesdon, Herts, EN11 8TT. Hoddesdon 45511.

● PROCESSES

Corrosion and wear lessened

A PARTICULAR version of ion implantation technique developed at Harwell which will reduce both wear and corrosion in metallic components is to be incorporated under licence in machines to be made by Hawker Siddeley Dynamics Engineering of Hatfield.

Applicable to steel, tungsten carbide, stellite and other materials, the technique will also modify other properties such as friction, hardness and fatigue resistance.

Ion implantation achieves its results by injecting selected ions into and below the surface of the material, changing the *metallurgical structure and* properties of the surface layers. The process takes place only just above room temperature so that there is no danger of thermal distortion.

Ion implantation has already been successfully applied to increase the life of injection moulding equipment, press tooling dies and to steel and tungsten carbide cutting edges. Wire drawing dies have also benefited. Now, says Hawker Siddeley, the life of tungsten carbide can be extended by a factor of five, greatly reducing replacement costs and down time.

The company will be building machines based on the Harwell designs and applying its own experience in high voltage, high vacuum, computer control and mechanical handling.

More from R. J. Perdue, Manor Road, Hatfield, Herts AL10 9LP (07072 68234).

● IN THE OFFICE

Improved duplicator

AN IMPROVED model of the Geha 570 electrically-driven stencil duplicator is now being offered by Thames Photocopier of Ashford, Middlesex (69 43994) sole distributor for Geha products in the UK.

The latest machine will produce 85 copies per minute of paper sizes from 105mm by 148mm to 230mm by 360mm. Maximum print area is 215mm by 330mm.

The company says that the new model is simpler to operate than its predecessor.

● HAND TOOLS

Cuts with minimum of dust

PROMISING TO produce dust levels well below the current accepted standard of 2 fibres/ml is a power tool which has been recommended by The Asbestos Cement Manufacturers Association, announces Protofram, Badminton Road Trading Estate, Yate, Bristol (0454 319548).

Said to be lightweight and easy to use, the Millers Falls Supersaw should be suitable for all operations requiring the cutting of asbestos cement building products, especially corrugated roofing and cladding sheets.

Apart from minimisation of dust, a further advantage of the tool over traditional circular saws is that it is able to cut flush against walls and other obstructions.

By means of a simple attachment which can be adapted for right or left hand flush cutting, sheets can now be erected in situ and be trimmed to a perfect fit, says the company.

THE PROPERTY MARKET BY MICHAEL CASSELL

High funding costs curb British Land

BRITISH LAND, back in the black and with the dark days of November 1974 well behind it, is taking a measured look at where it goes from here.

With its return to revenue surplus one year earlier than expected and net debts down to below £80m from £144m against shareholders funds of £107m (£62m), the group can claim to have won its five-year fight back from the brink.

For the first time since 1973-74, the question of a dividend arises again and the group's financial position is in marked contrast to the crisis days when the shares fell to 4½p from 227p, and chairman John Ritblat, who claims they were never worth less than 12p, told anxious shareholders that unless people decided to live and work in tents, British Land's assets would see it through.

So what now for the company which, through a series of sales and deals has raised £60m since last September and kept a fair proportion of it in cash? To suggestions that more acquisitions—including a big one—could be on the way, Mr. Ritblat says that it would be reasonable to expect further "amicable arrangements" but he is more forthcoming on the prospects for a new phase of development activity.

British Land owns several large development sites on which construction could begin almost at once but, in Mr. Ritblat's words, the company is currently "wholly exercised with how best to finance new projects long-term."

The high cost of funding and its impact on the risk-reward ratio is, together with the uncertain economic outlook, a major preoccupation and constraint for the company at the moment.

The choice facing it over its long held Clapham Junction freehold site in south London is typical of the dilemma facing British Land. Plans entail the provision of some 200,000 sq ft of office space and the company is virtually ready to start work.

But says Mr. Ritblat: "If we put cash in we deny ourselves revenue and if we borrow we face fairly large exposure to very high interest rates."

British Land still has a 120,000 sq ft office project in Liverpool on the drawing board, while it is finishing off a couple of central London developments. It has about 90,000 sq ft of space coming on the market in Kensington and is also finishing another 40,000 sq ft in the Charing Cross Road.

A company which has been ploughing back a lot of its newly found cash into its own properties, British Land will within a year have also completely finishing its modernisation at Plantation House, the City block bought in 1973 for £27m and revalued in the latest accounts at £74.5m.

IN BRIEF

- Equity and Law Life Assurance has paid more than £2m for the freehold of Wetherby town centre shopping scheme, which includes a 20,000 sq ft store, 14 shops and an office suite. Healey and Baker acted for the unnamed vendors.
- Nottingham printers John Howitt have paid about £200,000 for a 3,000 sq ft office property at 17 Doughty Street, WC1. Weatherall Green and Smith acted for Howitt and Keith Cardale Groves represented vendors Post Office Insurance Society.
- Merchant Navy Officers Pension Fund has paid more than £254,000 for 44 Charlotte Square, Edinburgh, the former Scottish headquarters of the Scout Association. Refurbishment will provide 3,000 sq ft of office space. St. Quintin acted for the fund and Kenneth Ryden for the association.
- Dares Estates has paid £760,000 for a four-storey block of flats, most with vacant possession, in Montrose Place, Belgrave Square.
- Crown House Properties has sold its recently completed 7,300 sq ft office scheme in Wembley to Swiss Life Insurance for about £900,000. Jones Lang Wootton acted for Swiss Life and Druce represented Crown House.
- Special control on office development ends on Monday. From then, planning applications for development will no longer need to be supported by office development permits.

Decade of rapid growth

SOME OF the sharpest rises in office rents during the past two or three years have been achieved in the thriving market to the west of London—along a corridor stretching from Hammersmith to Harrow in the north west and to Guildford in the south west.

This market, in a region which takes in suburban centres like Slough, Reading, Hounslow, Maidenhead and Windsor, proved its resilience during the property crash but has moved ahead dramatically in the past 18 months, with office rents rising by as much as 50 per cent.

Average asking rents for top office space in the best locations are swiftly approaching £10 a sq ft—and higher in isolated cases.

Earlier this year Ranks Hovis McDougall agreed to pay £12.20 a sq ft for offices in Slough—easily the highest rental yet achieved outside central London.

But the west London Corridor is much more than just an overspill area for the central London office market.

The key to this market's rapid growth over the past decade has been its position at the centre of national and international communication routes—with Heathrow acting as a magnet to overseas companies, particularly those involved in high technology and distribution.

Included among a string of international — mainly U.S. — names seeking office space in towns like Reading and Slough are General Automation, Digital Equipment, Visa International, Servier Laboratories, Millipore and Trevanol Laboratories.

More interestingly two American banks—Bank of America and Chemical Bank—are understood to be looking for premises in the area.

Communication benefits do not end with Heathrow. A whole network of motorways criss-cross the "corridor," linking the area with other regions. This situation will be further improved when the high-priority M25 motorway is completed, providing easier access to the South and the Channel ports.

The first signs of a drift outwards from the traditional London office centres of the City and West End were seen in the late 1960s and early 1970s when rents in central London were at their zenith.

"Towns like Slough and Reading offering much cheaper rents and rates, a pleasant environment and ideally situated on main communication routes were a natural alternative for companies seeking office space outside London," says Stephen Webster of agents Debenham Tewson and Chinnocks.

Rental comparisons produced by agents Richard Ellis show that top rents of £3.50 a sq ft in Reading in 1974 compared with £16 a sq ft in the West End and £22 in the City.

More importantly towns like Reading could offer development opportunities when available office space, particularly large space, was in short supply in the West End.

Since then, rent differentials between the West End and towns along the corridor have narrowed considerably and the £12.20 a sq ft paid by Ranks is in line with those currently being paid for top office space in Holborn on the fringe of the City.

Earlier this year Richard Ellis estimated that minimum demand for large headquarters space—90,000 to 250,000 sq ft—was around 3m sq ft and could easily be in excess of 4.5m sq ft.

Ellis then wrote that foreseeable developments to meet this category of demand totalled around 2m sq ft but of these only two schemes appeared capable of development in the near future

These were London Transport's 100,000 sq ft office development by Uxbridge tube station and the 220,000 sq ft development at Cadby Hall, Hammersmith, formerly owned by J. Lyons.

Since this report was written, however, development prospects have improved, particularly with the scrapping of Office Development Permits.

However, a major block to new office building remains the attitude of local planning authorities, concerned that the environment should not be spoilt by over-development. A number of authorities will not give planning permission unless the user is already operating in the area.

Andrew Taylor

Risk of collapse?

AS CONDITIONS in the property market, and in the economy generally, are in many respects similar to those before the last collapse the possibility of another catastrophe is considered by some to be more than an outside risk.

Sharply rising oil prices, a credit squeeze and high interest rates, rising inflation and the prospect of another recession are all ominously reminiscent of the early 1970s, although a closer examination of the property market shows a somewhat more encouraging picture than last time round.

There is no major surplus of speculative and poorly financed developments (more new projects are getting the go ahead in the face of increasing space shortages but few are contemplated without a customer) and most property companies now look a great deal healthier after reducing borrowings and building up cash resources.

As a result, the threat of forced sales on anything approaching a big scale can be regarded as minimal. There are grounds too for further encouragement because property investors have remained faithful to prime investment options as the latest round of capital appreciation has gathered pace, managing by and large to resist the temptation of higher yielding, secondary propositions.

Brokers Hoare Govett refuse to join the bears. They accept that the historically low prime yields and rapidly rising rents are likely to be hit by the impending recession and concede that property values are therefore considered suspect in some quarters.

But although they acknowledge the need for greater caution in all aspects of property investment (the firm expects the rise in rentals to moderate significantly and near-term capital appreciation to be limited). They reckon there is scope for a substantial moderation of rental growth before prevailing yields are threatened.

Capital values are expected to remain substantially intact, though retailing and industrial markets could well be first to succumb to the recession.

The view from Hoare Govett is that a property market vacuum will not be created by the type of economic troubles which precipitated the last collapse of rental and capital values.

In a report prepared for customers, it says: "Even if a phase of limited or zero-growth ensues, most property companies are poised for a period of major reversionary led profits, earnings and dividend growth which is likely to compare favourably with the trend of industrial corporate profits. Into the breach, it seems, with a shield of property shares?

هكذا من الأصل

Sutton, Surrey

Well Sited Modern Office Building Available Immediately

37,500 sq.ft. To Let

Realistic Rent and Rates at approx. Half The West End Levels

High Street Location, Close to Station.

25 Minutes to Victoria

Private Parking for 85 cars. Multi-storey car park opposite. Fully carpeted, window blinds and fitted lighting, large prestige entrance hall, storage facilities, centrally heated.

Jones Lang Wootton

Chartered Surveyors
103 Mount Street London W1Y 6AS 01-493 6040

Factories and warehouses

3,000 to 40,000 sq. ft., from £1.25 sq. ft.

Sites up to 50 acres

Skilled labour available

Housing for new and existing staff

Ring Bob Tilmouth 0952 613131

Telford

Telford Development Corporation, Priorslee Hall, Telford, Salop TF2 9NT

TDC 171

Chestertons

Provincial Offices

9 Wood Street, Cheapside, London, EC2V 7AR
01-606 3055

9,600 Sq. Ft. approx.

Excellent modern office accommodation 46/50 Coombe Road, New Malden, Surrey.

* immediately available
* by New Malden Station – 20 mins. Waterloo
* close to A3
* rent £5.73 per sq. ft.
* lease until 1986 without review
* 16 private car spaces
* no local user restrictions

For full details and to view Apply:

Chestertons, Chartered Surveyors. For all your property needs

---

Office Sites

Peterborough

Ring John Case 0733 68931

Peterborough Development Corporation
PO Box 3 Peterborough PE1 1UJ

PRESTIGE OFFICES TO LET

within 20 yards of Bank of England

1120 sq. ft.

Short-term lease available

HENRY DAVIS & Co.
Tel.: 01-626 8944

SOUTHWARK BRIDGE ROAD, S.E.1. Freehold Industrial Property Let at £3,500 p.a.x. RIR 1982. Price £42,000. Apply Sole Agents: Genis and Partners. 01-723 3675.

LONDON S. West Surrey Border FACTORY & OFFICES to let 3,500-7,000 sq. ft. available. Write Box T.5119, Financial Times, 10, Cannon Street, EC4P 4BY.

THE INVESTMENT ADVERTISER now has a specific need for a Freehold Commercial Property in Sussex or neighbouring counties with substantial reversions in 4 years. £70,000 available. Speak or write. JACK MENDOZA, F.S.V.A., 100 Blatchington Rd., Hove, Sussex (0273) 722795.

STOURBRIDGE, WEST MIDLANDS

Factory & storage yards

Floor area 46,500 sq. ft.

Single storey bays with maximum 35 ft. working height and 25 ton cranage facility. Close main A491 Dudley Road.

Grimley & son
CHARTERED SURVEYORS
2 St Philip's Place Birmingham B3 2QQ
021-236 8236
London Manchester Brussels

WE'VE GROWN TOO LARGE FOR THIS SPACE!

As one of London's leading design groups, with clients including:
Associated Biscuits · Bejam
British Transport Hotels
Cancer Relief · EMI · GLC Docklands
ICL · John Menzies · Philips · Time Life
Trust Houses Forte.

we are now looking for 10,000 + sq.ft. studio/light industrial space in the W.1. area.

Stewart McColl Design associates
110, Marylebone High Street, London W.1. 01-486 4211

Contact either Stewart McColl Design Associates or sole agents, Herring Son & Daw, 01-734 8155

CHARLES PRICE & CO

MAYFAIR OFFICES

To Let 4,000 sq.ft.

All Amenities • Self Contained

For further details apply Sole Agents

No.1 Berkeley Square, London W.1. Telex: 267383
01-493 2222 (24 hrs.) 491 3304

AUDREY HOUSE

Ely Place, London EC1

46,000 sq.ft. of Air-conditioned Offices To Let

Sole Agents
Richard Ellis, Chartered Surveyors
64 Cornhill, London EC3V 3PS. Telephone: 01-283 3090

Richard Ellis

TWO OF THE MOST SUPREME OFFICE SUITES AVAILABLE:

82 BROOK STREET, W1
3,000 sq. ft. approx.

2 CORNWALL TERRACE, NW1
(Overlooking Regent's Park) 2,200/4,600 sq. ft. approx.

Apply **PILCHER HERSHMAN** Sole Agents
23 Welbeck Street, W1. 01-486 5256

INTERNATIONAL PROPERTY

FOR SALE

SMALL HOTEL IN WEST ALGARVE

£150,000

Magnificent Portuguese Estate House built at the turn of the century standing in 2½ acres. Presently, a family-owned guest house with a flourishing restaurant. Sleeps sixteen guests and six in the open-plan family apartment. Recently converted with water and electricity. Tremendous potential for development in the most attractive area of the Algarve. For further details call Susan Locke, weekdays after 7 pm. 01-351 3774, or write: John Vincent, Casa Grande, Burgau, Lagos, W. Algarve, Portugal.

NEW YORK–USA

TO LET — 20,000 sq. ft. Will divide. Westbury, Long Island, Suburban New York City area. Ready to occupy 1 Sept., 1979

Architecturally distinguished new two storey office building located on prestigious Long Island, only 6 miles from New York City line. Superbly located on 3 acre site overlooking 900 acre parklands and golf courses. Nearby express train station and motorways to Manhattan. Under 20 miles by motorway to JFK Int'l and two domestic airports.

This building has within a 10 mile radius probably the finest available labor pool in the U.S.A.

Complete service rental $12.00 per sq. foot. Tenant layout to suit. For information contact owner: Singer Products Co. Inc., New York, N.Y. 10048 RCA telex: 233298: ITT 423582.

CALIFORNIA REAL ESTATE Opportunity

Mr. Sheldon Allman will be in London August 12th through August 18th with a portfolio of California Real Estate Investments for joint venture participation, $50,000 to $2,000,000.

For appointment cable ALLMAN or call Los Angeles, California, U.S.A. (213) 876-1434.

TEXAS

3,240 acre ranch approx. 80m south of Fort Worth. Substantial improvements, lake, 1¼ miles river frontage, year round water supply. 606 acres cultivated, 430 acres improved pasture, 2,200 acres range land (fenced). Excellent hunting (deer, turkey, quail dove) and fishing. 2 houses, various barns, corrals, etc., all in good order. Offered at US$450 per acre, freehold. Terms available. Management available.

Details.—
Davies, Stirling & Co. Ltd.
54 South Molton Street, London, W.1
Tel: 01-629 9897. Telex 88970

SPANISH PROPERTY

HIGH-YIELDING WELL-SECURED PROPERTY INVESTMENT FOR SALE

Initial return 12.5% rising annually by not less than 10%. £1.2m or equivalent in any currency. Contracts must be finalised by 13.9.79. *For further details write Box T.5115, Financial Times, 10, Cannon Street, EC4P 4BY.*

UNREPEATABLE OFFER. 120 Acres Pine Woodland, plus 12 acres Fresh Water. 6 km autoroute. 30 mins. Int. airport. Standing timber value £20,000. Permission to build 100 room health farm with necessary services. 40 acres can be used for house building. Scenic and tranquil area. Interest only from large investors. Price of Land Freehold £30,000. Write: Box T.5120, Financial Times, 10, Cannon Street, EC4P 4BY.

BAVARIAN ALPS, near Munich. Wonderful old residence for sale. Completely renovated with large estate. Price: DM 3.1m. Architecture-office, M. Sommerhalder, Holbeinstrasse 71, CH-4051 Basle.

FREEHOLD OFFICE INVESTMENT

ROYAL BOROUGH OF WINDSOR & MAIDENHEAD

★ £150,000 p.a. net income
★ Famous Public Company Tenant
★ New Lease
★ High specification, modern building
★ Inspection/Offers invited by Sole Agents

TAYLOR ROSE
27 Albemarle Street
London W1X 3FA
01-492 1607

LEYTONSTONE, E11

Freehold three-storey mixed-user building, formerly bank branch on ground floor. Suitable offices, showrooms or retail. 35 ft. frontage. Self-contained 1st and 2nd floors, ideal workrooms, offices, design studio, etc. Total area of entire 4,150 sq. ft. Offers in the region of £50,000. Sole agents: Goldstein Leigh & Assocs., 15, Half Moon St., W.1. 01-629 6373

COMMERCIAL INVESTMENT PROPERTIES urgently required for retaining clients. Any area—no price limits. Full details to: N. Genis, Genis & Partners, 285, Edgware Road, London, W.2. 01-723 3675.

APPOINTMENTS

Executive Director

MAIN BOARD

for a British public company, a substantial engineering group with profits approaching £15m having significant interests both in the United Kingdom and North America.

- CORPORATE responsibility and involvement will be both in the business overall and from time to time in particular trading activities as priorities demand.
- OVERRIDING requirements for this key appointment are business acumen and the ability to create profit in the management of people and situations. These attributes will have been substantiated in the direction and general management of a successful subsidiary company or in a top management functional role in a large industrial group. A degree in engineering and experience of marketing and/or production of a diverse range of mechanical and electrical/electronic engineering products would be assets.
- QUALITY of personal accomplishment and stature is more important than age.
- TERMS are negotiable and could be attractive to candidates earning basic salaries of around £30,000 or more.

Those to whom this appointment is of interest are invited to write in complete confidence to K. R. C. Slater as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
and
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

Crude Oil Trader

Sought by an established European oil trading company wishing to open an office in London.

- THE ROLE will be to generate new business in crude oil and to manage the trading and related shipping activities under guidance from the principals.
- ESSENTIAL REQUIREMENTS are successful practical experience of crude oil trading backed by current knowledge of the documentary procedures related to this activity. Fluency in English is imperative.
- AGE RANGE 32-42. Salary indicator £20,000 plus benefits.

Write in complete confidence to D. A. O. Davies as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
and
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

Director Technical Services

for a company with the world rights for the exploitation of a patented process for the chemical treatment of toxic industrial waste. Forming part of a very well known British public group there is ample finance available to exploit fully the present technological lead and achieve the undoubted growth opportunity throughout the world.

- AS A BOARD MEMBER the task will be to participate in all technical aspects of project evaluation and in the establishment and maintenance of operating procedures and technical standards initially in European subsidiaries and subsequently elsewhere abroad. Based in London the job will entail frequent foreign travel.
- PREREQUISITES for this appointment are a technical chemical qualification, linguistic ability preferably in French and German and a substantial record of technical and managerial achievement in industry.
- AGE under 50. Salary is negotiable with appropriate benefits.

Write in complete confidence to A. Barker as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
and
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

LOMBARD

Strong pound—weak methods

BY ANTHONY HARRIS

LAST Tuesday there was an almost audible mutter of "What did I tell you?" to be heard in London. Those walking in Great George Street may have been reminded that the Treasury toils even when Parliament is in recess. Here in Bracken House we are nearer to New Change, where the 600-odd exchange control officials of the Bank of England come to "work" each day in a department which is, as it were, twitching [illegible] been cut off. Sterling [illegible] hard. Old days [illegible] happy days [illegible]

It is [illegible] surprising, of course, that after a working lifetime spent in defending sterling, officials should develop conditioned reflexes. Thus this country financing is banned "because it is too volatile," and New Change is kept in being, like a barely animated waxworks, "in case it is needed." These are not [illegible] issues in [illegible] but they are the [illegible] impor[illegible] [illegible] tools [illegible] indicator [illegible] which [illegible] misled [illegible] of an obstinately strong currency, providing misleading information and inappropriate means of response.

Technical job

Let us start by inspecting the Ark of the Covenant of the present government, the money supply itself. Everyone thinks they knew what money is, but defining it for policy purposes is a technical job. The definition we use, Sterling M3, is distinctly odd.

Sterling M3 is a refinement of the old M3, which tried to measure the liquidity available to UK domestic holders, and to them only. This used to include sterling and foreign currency holdings; but after exchange rates were floated, foreign currency was eliminated, because its sterling value kept bobbing up and down in a way which distorted the money figures. We were left simply with British-held sterling. No one worried about non-resident deposits.

However, if you are interested in controlling credit conditions, rather than simply rigging a statistic then what matters is the sterling deposit base available to the banking system. It makes no difference whether the money is held by UK or foreign depositors. It is all a perfectly good base for lending.

The result is important. Now that sterling is strong, monetary policy has very little effect on the balance of payments. If those who sell us imports want to hold sterling, the whole operation is achieved with no strain [illegible]

If we had a money measure like other countries, embracing *all* the sterling deposit liabilities of London banks, we would see [illegible] partly reflected in an excessive growth of the money supply, and act accordingly. As it is, we react too late. We will only get really worried when thanks to a recession and the North Sea, the current account recovers and any excess credit in the system is no longer draining into non-resident accounts.

On past form, there will be a climactic attack on credit demand just as it is turning down in classical British [illegible]. But it won't work. It will simply attract renewed overseas demand for sterling. An improved current account and a continued credit squeeze is too good to be true.

Second wave

This indeed is a possible scenario for the second half of this year and a second wave of sterling buying would perhaps revive the debate about intervening to offset these inconvenient capital flows; and again we will be told that it is impossible because of the money supply. To sum up: we have *a monetary policy which makes* the exchange rate unstable, because it ignores foreign deposits. But the very foreign deposits which we ignore in our *money figures* are regarded as such an inflationary menace that they preclude stabilisation.

If intervention is indeed dangerous, it is partly because our instruments of monetary control are also left over from another age. Selling gilts to domestic holders is one thing; selling *them to foreigners* is quite another. We need both new instruments for residual financing—short-term ones whose price is not too volatile—and a readiness to differentiate resident from non-resident deposits. This was in fact envisaged in the 1971 monetary "reform." Competition and Credit control. We have actually unlearned the lessons of history.

A louder voice for the Manx

BY BILL LUCAS

WHEN MANX RADIO was founded in 1964 the promoting company aimed at making the station the Radio Luxembourg of the North. Severe restrictions on power and an operating wavelength which reduced the range of the station's signal frustrated that aim, and in 1969 the station came under the control of the Manx Government, which had to mount a rescue operation to save it [illegible] from closure.

Now, with a better wavelength and the aerial system at [illegible] to give a better signal [illegible], the Manx Broadcasting Commission has evidence that programmes are being received regularly in Wales, North West England, the south of Scotland, and North and South of the border in Ireland. The Commission, a body operating under strict government control, has also found that it is free from any of the restrictions imposed by the Independent Broadcasting Authority on the types of programme that can be transmitted.

The obvious corrollary of this is that Manx Radio may transmit sponsored programmes, something not open to any other commercial broadcasting station in the British Isles and a step it has not been slow to take. "We already *have a number of sponsored* programmes, and their number is slowly growing," according to Dr. Edgar Mann, the Commission's chairman. "The problem is that Manx Radio is the only station which could use them and that means that potential sponsors are cautious because of production costs."

"There is also the question of the potential audience. While we had an indication of the area our programmes were reaching from responses during phone-in programmes, that was not enough to prove the size of the possible audience. So we have now commissioned a survey and hope that the resultant figures will convince potential advertisers."

Manx Radio has had a bumpy ride. Members of Tynwald (the island's parliament) did not take kindly to the early financial losses *and at one time seriously* considered closing the station down. But it won a reprieve, and changes in the operating system helped matters.

Tight control

Broadcasting authorities tend to frown on governments operating radio stations themselves, [illegible] so in future the Manx Government will provide the facilities and the station will be actually run by a company under the name of Radio Manx. The company is, however, owned by the Manx Government, which thus retains very tight control. Directors, for instance, will have to be approved by Tynwald.

Dr. Mann himself was appointed Broadcasting Commission chairman after the previous *incumbent had retired* from Tynwald membership, and in the debates on the future of Manx Radio had been critical of station management.

He believes Manx Radio has three functions. First, it must, without acting as an arm of government, be a communications link between the Manx Government and the island's people.

Second, it should provide a good local news service (there are five newspapers published on the island, but none is a daily).

Third, it must earn money as a commercial radio station.

There are divided opinions among the island's population on how Manx Radio *should* function. Some would like it to be a cosy little local station, dependent on revenue from local advertisers. Others consider that it should *function as* a "national" station and—given the requirement that it must pay its way—represent the voice of the Isle of Man to as wide an area as possible. This is where it could appeal to those of its listeners off the island.

If it is to achieve the latter aim that programme standards must be improved. Dr. Mann is aware that any raising of the highbrow rating could force away *those listeners* who are needed to attract the advertisers and make the station pay its way. But he is pleased with the standard of the sponsored programmes so *far* received from advertisers.

● Left: Dr. Edgar Mann, Broadcasting Commission chairman—three golden rules for radio

One special difficulty which has to be resolved is getting publicity for the station in local newspapers. "We had a big row with the local papers over the losses and the way they reported them and since then they have stopped publishing our programmes. *We tried our* own paper but had to stop it because of costs."

Catchment

A few people in the Isle of Man would like to extend Manx Radio's functions to include a television station, and the station already has the ability to make video tapes. The British Government's proposals for ITV-2 make it possible to *establish* a Manx *television* station. But realists point out that the catchment area is too small to make any operation more than a relay station with a few local advertisements inserted in programmes. And the strong local criticisms of the IBA's insistence that Border should be the Manx ITV-1 station to add to its advertise*ment catchment area* makes *it* very unlikely that a local television station would be supported. And the Manx government would hardly be prepared *to foot the bill* in any event.

As a radio station the future of Manx Radio seems quite secure. There have even been several approaches from companies interested in taking it over. They have all been turned down, which indicates there is confidence in the island that the station *will make a contribution* to local affairs.

Spring With Pride's chance

RACING

BY DOMINIC WIGAN

LUCA CUMANI, whose Newmarket stable has been ravaged by a virus for much of the season, feels that his string may at last be over the worst of things. If he is right—and Get Stoned certainly suggested that likelihood at Ascot last week—then Spring With Pride may be the one they will all have to beat in today's renewal of the Extel Handicap at Goodwood.

Spring With Pride, a good-looking colt by Scottish Rifle out of the Sovereign Path mare, Path of Pride, had his first race since taking third place behind Baptism in Newcastle's XYZ Handicap when occupying the *same position in the Andy Capp* won by Side Track at Redcar.

His performance on the East Yorkshire track was undoubtedly a smart one. Not in the handiest of positions in the early stages, Spring With Pride came through with what appeared to be a winning run a furlong from home.

However, either the effort in trying to make up a good deal of ground in a short time or the lack of a recent outing then told against him, and both Side Track and Alber Run proved fractionally too strong in a driving finish involving the trio.

If, as I expect, the well-treated Spring With Pride can produce his best form since he landed a maiden event at Newmarket on his final juvenile *appearance*, he should prove capable of foiling Tolstoy's bid.

The last-named, an inmate of the in-form Michael Jarvis stable, gained his fourth consecutive *victory when giving 12 lb* and a three-quarters-of-a-length beating to Len Ashurst in the Turnberry Handicap at Ayr on July 16 over a furlong further than today's 1½-mile trip.

Yesterday, at Goodwood Marathon Gold earned himself a ten quote of 20-1 from the Tote for next year's 2,000 Guineas when wearing down the Irish pair, Johnny O'Day and London Bells, in the Lanson Champagne Stakes.

Although his performance was undoubtedly a smart one, I have no doubt that he would not have looked anything like as impressive had a third of an inch of overnight rain not told against both Johnny O'Day and London Bells, who came to the end of their tethers inside the final furlong. Marathon Gold will go next for the Laurent Perrier Champagne Stakes followed by a tilt at the Dewhurst Stakes.

SELECTIONS

GOODWOOD
2.15—Sarigue**
2.45—Fool's Mate
3.20—Spring With Pride***
3.50—Sandford Rose
4.20—Roman Scribe
4.50—Galaxy Gemini

THIRSK
2.30—Swinford Rose
3.00—Burns
3.30—Dusk Lady
4.00—Pluvial*

NEWMARKET
7.40—French Canadian

TV/Radio

BBC 1

† Indicates programmes in black and white

6.40-7.55 am Open University (Ultra-high frequency only). 9.10 Rhubarb. 9.15 Jackanory. 9.30 C.B. Bears. 9.50 Why Don't You . . .? 10.15 The Flashing Blade. 11.00 Cricket and Golf: Second Test (England v India) and The Colgate European LPGA Championship. 1.30 pm How Do You. 1.45 News. 2.10 Cricket: Second Test. 4.18 Regional News for England (except London). 4.20 Play School (as BBC-2 11.00 am). 4.45 Agaton Sax and the Feast at Byköping. 5.10 We're Going Places. 5.35 Captain Pugwash.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 Star Trek.
7.40 It Ain't Half Hot Mum.
8.10 Des O'Connor Tonight.
9.00 News.
9.25 The Hollywood Greats.
10.15 Spike Milligan in Q7 (London and South-East).
10.45 Regional. National News.
†10.50 The Late Film: "The Amazing Dr. Clitterhouse."

All Regions as BBC-1 except at the following times:—

Scotland—5.55-6.20 pm Reporting Scotland. 10.15 Grimble on Genius. 10.45-10.50 Regional, National News.

Wales—1.30-1.45 pm Bys a Bawd. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.15-7.40 Ask The Family. 10.15 "Mab Diddanwch." Rhaglen nodwedd ar Anthropos (Y Parch. R. D. Rowland) 1853-1944. 11.10 The Late Film: "The Amazing Dr. Clitterhouse." 12.40 am News and Weather for Wales.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) In The Country; Midlands (Birmingham) This Is . . . Mystery; North (Leeds) In Conversation; North East (Newcastle) Metro Supertram; North West (Manchester) Champion Brass; South (Southampton) Ponderosa Country; South West (Plymouth) Private Person—Public Figure; West (Bristol) The Producers.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.00 pm Golf and Racing.
4.20 Cricket and Golf.
6.30 Open University.
6.55 Gardeners World.
7.20 Mid-Evening News.
7.30 Golf My Way.
8.00 Seven to One.
8.30 Scottish Playbill.
9.00 All Creatures Great and Small.
9.50 Kilvert's Diary.
10.05 Top Crown.
10.30 Cricket: Second Test (highlights).
11.00 Ladies' Golf (highlights).
11.30 Late News.
11.45 Closedown reading.

LONDON

9.30 am The Living Body. 9.45 It's More Life. 10.05 Focus on Soccer. 10.30 Arms and Armour. 10.40 The Bubblies. 10.45 The Coral Road. 11.35 Spiderman. 12.00 A Handful of Songs. 12.10 pm Stepping Stones. 12.30 Emmerdale Farm. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Divorce and After. 2.00 Friday Matinee: "Satan Never Sleeps." 4.20 The Feathered Serpent. 4.50 Paul. 5.15 The Brady Bunch.
5.45 News.
6.00 Thames News.
6.05 The Wild, Wild World of Animals.
6.30 Get Some In.
7.00 The Krypton Factor.
7.30 Winner Takes All.
8.00 Hawaii Five-O.
9.00 Heartland.
10.00 News.
10.30 The Do-Gooders.
11.15 The Friday Film: "The Blood Beast Terror."
12.45 am Close: Hugh Morton reads from Brother Roger of Taize.

All IBA Regions as London except at the following times:—

ANGLIA

10.30 am KLB, PP and Me. 11.00 Portrait of a Village. 11.25 The National Benzole Master Bowler Championship. 11.50 The Woozies. 1.25 pm Anglia News. 2.00 Friday Film Matinee: "The Games." 3.50 The Sullivans. 5.15 Bailey's Bird. 6.00 About Anglia. 8.00 Chips. 10.30 Frontiers of Discovery. 11.00 Friday Late Film—"Doctors' Private Lives." 12.45 am Women Who Matter.

ATV

10.30 am Captain Nemo and the Underwater City. 10.35 Sesame Street. 11.35 Bailey's Bird. 1.20 pm ATV Newsdesk. 2.00 Movie Matinee: "The Man Who Shot Liberty Valance." 5.15 Alright Now. 6.00 ATV Today. 10.30 Mary Hartman, Mary Hartman. 11.00 Movie Premiere: "Cruise Into Terror."

BORDER

10.35 am KLB, PP and Me. 11.00 Portrait of a Village. 11.25 The National Benzole Master Bowler Championship. 11.50 The Woozies. 1.20 pm Border News. 2.00 Matinee: "Love is a Many Splendoured Thing." 3.50 The Sullivans. 5.15 Garrock Way. 6.00 Lookaround Friday. 6.30 Mind Your Language. 8.00 The Incredible Hulk. 10.30 Look Who's Talking. 11.00 Late Film, "The Morning After."

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. 2.00 The Friday Matinee: "The Spanish Main." 3.50 The Sullivans. 5.15 Sam. 6.00 Channel News. 6.10 Friends of Man. 6.35 Invasion Road. 10.28 Channel Late News. 10.35 The Danton Review. 10.55 Late Night Movie: "Lost."

GRAMPIAN

9.25 am First Thing. 10.35 KLB, PP and Me. 11.00 Portrait of a Village. 11.25 The National Benzole Master Bowler Championship. 11.50 The Woozies. 1.20 pm Grampian News Headlines. 2.00 Friday Matinee: "Lucas Tanner." 3.20 Something Special. 5.15 Superbox. 6.00 Grampian Today. 6.10 The Beachcombers. 6.30 Get Some In. 7.30 The Entertainers. 10.30 Reflections. 10.35 About Turn. †11.05 The Friday Late Night Horror.

GRANADA

10.30 am Sesame Street. 11.25 The Funky Phantom. 11.45 Scrap Book. 1.20 pm Dick Tracy. 2.00 Show Jumping. 3.50 The Sullivans. 5.15 The Rolf Harris Show. 6.00 Granada Reports. 6.30 The Jetsons. 8.00 Lucan. 10.30 Showjumping (The Great Northern Show). †11.30 The Friday Film, "Hunted."

HTV

10.35 am KLB, PP and Me. 11.00 Portrait of a Village. 11.25 The National Benzole Master Bowler Championship. 11.50 The Woozies. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. †2.00 "Stanley and Livingstone." 3.50 The Sullivans. 5.15 Sam. 6.00 Report West. 6.15 Report Wales. 6.30 Get Some In. 8.00 Charlie's Angels. 10.35 The Show Least Likely To. 11.05 The Late Film.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20-4.50 O Lyond Yr Elffant. 6.00-6.15 Y Dydd. 10.35-11.05 Camera.

HTV West—As HTV General Service except: 1.25-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

10.35 am KLB, PP and Me. 11.00 Portrait of a Village. 11.25 The National Benzole Masters Bowler Championships. 11.50 The Woozies. 1.25 pm News. 2.00 Showjumping—Cobalt International Trials. 3.50 The Sullivans. 5.15 The Squirrels. 6.00 Scotland Today—Summer Extra. 6.30 Weir's Way. 8.00 The Incredible Hulk. 10.30 Late Call. 10.35 Appointment With Fear.

SOUTHERN

10.35 am KLB, PP and Me. 11.00 Portrait of a Village. 11.25 The National Benzole Master Bowler Championship. 11.50 The Woozies. 1.20 pm Southern News. 2.00 Friday Matinee: "From Hell to Texas." 3.50 The Sullivans. 5.15 Happy Days. 6.00 Day By Day. 6.00 Scene South East (South East area only). 6.30 What's On Next? 10.30 Weekend. 10.35 Talking Bikes. 11.05 Southern News Extra. 11.15 The Late Film: "The St. Valentine's Day Massacre."

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 10.35 KLB, PP and Me. 11.00 Portrait of a Village. 11.25 The National Benzole Master Bowler Championship. 11.50 The Woozies. 1.20 pm North East News and Lookaround. 2.00 Friday Film Matinee: "Virgin Island." 3.50 The Sullivans. 5.15 Makin' It. 6.00 Northern Life. 8.00 Fantasy Island. 10.30 Double Top Final. 11.15 The Friday Night Film.

ULSTER

10.30 am KLB, PP and Me. 11.00 Portrait of a Village. 11.25 The National Benzole Master Bowler Championship. 11.50 The Woozies. 1.20 pm Lunchtime. †2.00 Friday Matinee: "Danger Within." 3.50 The Sullivans. 4.18 Ulster News Headlines. 5.15 Bygones. 6.00 Ulster Television News. 6.30 Devine Country. 8.00 Lucan. 10.30 Friday Night. 10.40 Friday Film: "I Walk The Line." 12.25 am Bedtime.

WESTWARD

10.35 am KLB, PP and Me. 11.00 Portrait of a Village. 11.25 National Benzole Master Bowler Championship. 11.50 The Woozies. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.00 The Friday Matinee: "The Spanish Main." 3.50 The Sullivans. 5.15 Sam. 6.00 Westward Diary. 6.35 Time Out. 10.32 Westward Late News. 10.36 The Danton Review. 10.55 Late Night Movie: "Lost." 12.30 am Faith For Life.

YORKSHIRE

10.30 am Rainbow. 10.45 Monsters and Other Scary Things. 11.10 Three for the Road. 1.20 pm Calendar News. †2.00 Friday Film Matinee. "Danger Within." 3.50 The Sullivans. 5.15 The Best Disco In Town. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Summer Sport. 8.00 The Incredible Hulk. 10.30 Soap. 11.00 "Last Summer."

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 6.00 Andy Peebles. 9.00 Peter Powell. 11.00 Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Tony Blackburn. 4.31 Kid Jensen. 6.31 Roundtable. 8.00 Mike Read. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

[illegible] Ballroom. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 [illegible] 7.05 Overture, part 1 (S). [illegible] Overture, part 2 (S). [illegible] This Week's Composer. 10.00 Lucia Popp sor[illegible] (S). 10.30 In Sho[illegible] in Popp, part 2 [illegible]

[illegible] 6.45 Sports Desk [illegible] in his Diary (S). 7.30 [illegible] 7.33 Fiest de Dorita (S). [illegible] Johnny Arthey conducts the BBC R[illegible] (S). 8.45 Friday Night [illegible] 9.55 Sports Desk [illegible]

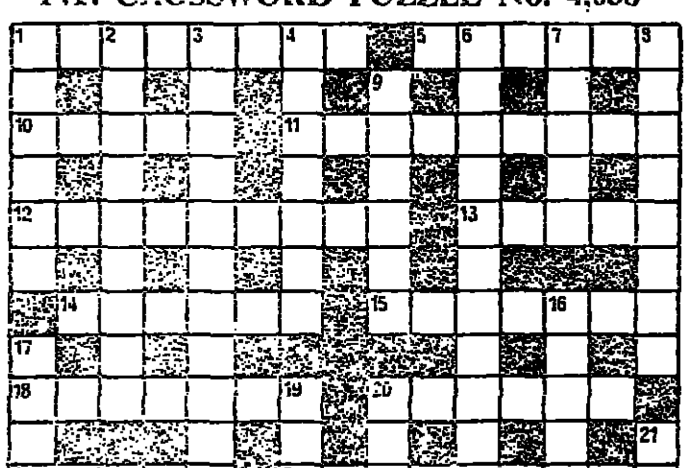
News, 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.45 The Young Visiters by Daisy Ashford. 9.00 News. 9.05 Baker's Dozen (S). 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 Down Your Way. 11.40 [illegible] 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.27 [illegible] World [illegible]

[illegible] 7.00 [illegible] 7.20 Pick of the [illegible] 8.30 When [illegible] (S). 9.15 Letter From [illegible] Kaleidoscope. 9.59 Weather. 10.00 [illegible]

VHF with Medium Wave above except 5.00 [illegible]

RADIO 4 [illegible]

F.T. CROSSWORD PUZZLE No. 4,038



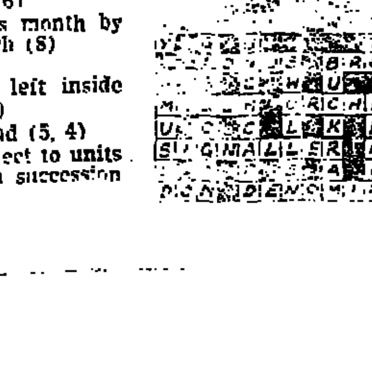
ACROSS

1 Guarantee to entrance gospeller (8)
5 Small bit of code left (6)
10 Upright type of foreign capitalist (5)
11 Diversionary specialist all along the line (9)
12 No fond lad disturbed sleep (4, 2, 3)
13 Father takes trouble to be weak (5)
14 Victoria's college? (6)
15 Oddly the one American state to be honourable (7)
18 Comprehensively elected with intensity (2, 5)
20 Westerner with a range of employment (6)
22 Return excellent piece of bone (5)
24 Timber offering summer shelter from bit of skulduggery (5, 4)
25 Make a mess of snakes' den in stripped condition (9)
26 Bird needs piano—one takes mine (5)
27 Most uncommon for artist to join remainder (6)
28 Example set this month by an English church (8)

DOWN

1 English novelist left inside as is only just (6)
2 Fruit dog'd spread (5, 4)
3 Be careful to object to units getting letters in succession (4, 4, 2, 3, 2)
4 Feels unhappy about wood (7)
6 Uncommon to see such inaccessible place (3, 2, 3, 3, 4)
7 South Africa doctor goes to a dance (5)
8 Gave girl loan of daffodil (4, 4)
9 Falsify one of the strings (6)
16 Intimate portrait supported by (nearly) . . . (5, 4)
17 . . . weekly audience of one (8)
19 Landlord goes over the Spanish students' accommodation (6)
20 Rose can run amok and make things less refined (7)
21 Dress for idiot male (6)
23 Tradesman hoping to be Master of the Rolls (5)

Solution to Puzzle No. 4,037



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit Cards 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA [illegible]

COVENT GARDEN. CC. 01-240 1066. (Gardencharge Credit Cards 01-836 6903) [illegible] MARTHA GRAHAM DANCE COMPANY with LIZA MINNELLI [illegible]

GLYNDEBOURNE [illegible]

ROYAL FESTIVAL HALL. 01-928 3191. [illegible]

ROYAL FESTIVAL HALL. 01-928 3191. [illegible] LONDON FESTIVAL BALLET [illegible] SYLPHIDES [illegible]

SADLER'S WELLS THEATRE, Rosebery Ave. [illegible]

THEATRES

ADELPHI THEATRE. CC. 01-836 7611. [illegible]

ALBERY. [illegible]

ALDWYCH. [illegible] ROYAL SHAKESPEARE COMPANY [illegible]

AMBASSADORS. CC. 01-836 1171. [illegible] DINSDALE LANDEN, OWEN WATFORD, DAVID BURKE, ANGELA DOWN [illegible]

APOLLO THEATRE. CC. 01-437 2663. [illegible]

ARTS THEATRE. 01-836 2132. [illegible]

ASTORIA. [illegible]

CAMBRIDGE. [illegible]

CHICHESTER. [illegible]

COLLEGIATE THEATRE. [illegible]

COMEDY THEATRE. [illegible]

DRURY LANE. CC. 01-836 8108. Evs. 8 pm. Friday at 6pm and 8.45 pm [illegible]

FORTUNE. [illegible]

GARRICK. CC. [illegible]

GLOBE THEATRE. CC. 01-437 1592. [illegible]

GREENWICH THEATRE. CC. 01-858 7755. [illegible]

HAYMARKET. CC. 01-930 9832. [illegible]

HER MAJESTY'S. CC. 01-930 6606. [illegible]

KING'S HEAD. [illegible]

LYRIC THEATRE. CC. 01-437 3686. [illegible]

MERMAID. [illegible]

NATIONAL THEATRE. CC. 928 2252. [illegible]

OLD VIC. [illegible]

OPEN AIR REGENT'S PK. [illegible]

PALACE. CC. 01-437 6834. [illegible]

PALLADIUM. CC. 01-437 7373. [illegible]

PHOENIX. [illegible]

PICCADILLY. [illegible]

PRINCE EDWARD. [illegible]

PRINCE OF WALES. [illegible]

QUEEN'S THEATRE. CC. 01-734 1166. [illegible]

SAVOY THEATRE. 01-836 8888. Credit cards 01-734 4772. "BILL PATERSON [illegible]

ST. MARTIN'S. [illegible] AGATHA CHRISTIE'S THE MOUSETRAP [illegible] WORLD'S LONGEST-EVER RUN [illegible]

STRAND. 01-836 2660. [illegible]

TALK OF THE TOWN. CC. 01-734 5051. [illegible]

VAUDEVILLE. CC. 01-836 9988. [illegible]

VICTORIA PALACE. CC. 01-828 4735-6. [illegible]

WAREHOUSE. Donmar Theatre, Covent Garden. [illegible]

WESTMINSTER. [illegible]

WHITEHALL. CC. 01-930 6692-7765. [illegible]

WINDMILL. CC. 01-437 6312. [illegible]

WYNDHAM'S. [illegible]

YOUNG VIC. [illegible]

CINEMAS

ABC 1 & 2, Shaftesbury Ave. 836 8861. [illegible]

CLASSIC [illegible]

CURZON. [illegible]

LEICESTER SQ. THEATRE. [illegible]

ODEON. [illegible]

PRINCE CHARLES. [illegible]

ART GALLERIES

[illegible]

CONTINUED ON PAGE 13

هكذا من الأصل

THE ARTS

Olivier

As You Like It

by B. A. YOUNG

In the middle of Act 3, Scene 1, which is the point at which John Dexter's new production resumes after the interval, an extraordinary thing happens. A sudden charge of magic descends to the stage; the characters all come to life; the pace quickens; and the pretty artificialities of the production reveal their true meaning. From that point onward, the play becomes as comic as we expect.

It has not been so before. What Mr. Dexter has done, and done with extraordinary skill, is to impose a steady accelerando throughout the whole evening. The early scenes are played with immense artificiality and very deliberately. On to the plain plank island stage that is the basis of Hayden Griffin's decor, Rosalind and Celia approach one another from opposite wings. They are heavily accoutred in Elizabethan costume, and they match one another's movements with complete symmetry. First Touchstone, then Le Beau, comes centrally between them; conversation is often directed straight into the house. Neither Sara Kestelman (Rosalind) nor Marjorie Yates (Celia) is able to make the merry exchanges anything but tedious in the circumstances.

Only after about 20 minutes of this slow, formal playing does more vigour begin to show. When six stagehands unroll the snow-covered ground of Arden, life in the forest continues at much the same andante con moto; Amiens sings a very slow "Under the greenwood tree" from the end of the balcony (of which the extra verse has to be dictated to him line by line by Jaques, sitting down centre). But the arrival of Jaques is a blessing, for Michael Bryant is able to keep the slow pace without sounding artificial, and when he reports to the exiled Duke (Andrew Cruickshank) that he met a fool in the forest we have taken a giant stride towards normality.

Yet normality is not what Mr. Dexter seems to be aiming at. After the interval the characters achieve human behaviour as Shakespeare drew it. Miss Kestelman becomes a marvellously boyish and funny Ganymede (though I can't help wondering how she keeps her doublet and hose so clean and tidy). Simon Callow's Orlando really is a young man in love, and he speaks the verse to perfection. Miss Yates offers the romance the audience requires. Even John Normington's Touchstone, who has begun as a conventional jester, casts off his pretences as he courts his Phebe.

Greg Hicks, Sara Kestelman and Anna Carteret

Nevertheless we are plunging deeper and deeper into fairyland all the time. The song about killing the deer is followed by a dance where all the men don antlered head-dress (just as "Blow, blow, thou winter wind" was followed by a chorus of men waving holly boughs); and their horned heads are liable to show up around the stage for ever after. When William comes on to court his Audrey, he is still wearing his horns, and after he leaves the scene he sits on the steps that lead to the centre aisle of the auditorium, where Rosalind casually festoons him with the long wreath of flowers with which she and Celia have been decking the stage.

The multiple wedding of the country copulatives brings all the creatures out of the wood. Not only do the deer-headed creatures lurk in the shrubbery, but boars, badgers, even what looked to me like a kudu. And there is no fudging of Hymen, who appears high up in the sky to speak, not sing, his lines about mirth in heaven. I doubt, incidentally, if he is to be seen by all the audience, for a tree that grew out of the stage after the interval has by then sprouted a great umbrella of green leaves right in front of him.

By the end of the evening, when the grand design was realised, I understood the ponderous pace and stylised playing at the start. I think the production needs seeing twice. That should mean at least one and two-thirds evenings of great pleasure.

Cinema

Lion of the avant garde

by NIGEL ANDREWS

Marcel L'Herbier, Image-Maker National Film Theatre
Beyond the Poseidon Adventure (A) Warner West End
Boulevard Nights (X) Gate 2

Germany and Russia always steal the limelight in film history books when the 1920s are under discussion. It was the decade of *Nosferatu* and *Metropolis*, *Battleship Potemkin* and *October*. But France had its movie prodigies as well during the period, and near the top of the pile was Marcel L'Herbier. To this surreal magician of the French cinema, long overdue for celebration, the National Film Theatre is devoting a sumptuous retrospective. It started yesterday and lasts until August 31. Arrange your diary and book up tickets now.

L'Herbier's reputation precedes his films and many of them are as unfamiliar to me as to you: except from mouth-watering excerpts, tantalising production stills and the vivid descriptions of writers. L'Herbier's lack of exposure outside France is puzzling, since he was a lion of the artistic avant garde in between-wars France and he worked with such glittering allies as designers Fernand Leger and Cavalcanti, composers Honegger and Milhaud, and players Michel Simon, Charles Boyer, Ramon Navarro and Louis Jourdan.

As a fanfare to the season the NFT Press-screened *L'Inhumaine* (1924), which you will be able to see at 7.00 this Sunday. Cancel all other engagements. This maniacally-plotted masterpiece about a famous opera singer whose "mysterious charms" lure men to destruction, but who meets her match in a lovestruck and brilliant young scientist, was designed by no less than four art directors —including Leger, who contributes the *ne plus ultra* in futuristic laboratories—and is directed by L'Herbier like a dazzling dream-mosaic.

The story is an unstoppable romp through improbability — the scientist hero is first spurned by the singer, then "dies" in a car accident, then reappears to shame his beloved and win her over with the wonders of his new scientific invention (which looks curiously like an early prototype of television). The film takes on a sort of cumulative poetic delirium. From the opening splendours of a party at the diva's mansion — an Art-Deco San Simeon with moated dining-table, gliding swans and masked servants — L'Herbier goes on to take in such resplendently varied set-pieces as a Gala Night at the opera, a taxi-ride with a poisonous snake (courtesy of a jealous Maharajah) and the Grand Finale in the hero's Leger-designed laboratory: a wild mish-mash of Art Deco and 1920s Futurism in which the hero and heroine pursue each other down the corridors and blind alleys of *l'amour fou*.

L'Herbier's cutting and framing have a sleight-of-hand brilliance that keeps one in a state of constant, edge-of-seat surprise. Sometimes the screen is crowded and criss-crossed with movement, at others L'Herbier will make play with a tantalising blankness or an eerie darkness. The 1920s style of silent-movie acting — huge eye movements, hands to foreheads, flouncing turns — becomes a virtue rather than a handicap in this world of ritualised, hothouse hyperbole. And the cheerful clash of designing styles creates a fertile, witty randomness rather like those head-middle-and-legs games of visual consequences.

L'Inhumaine offers a cornucopia of visual ingenuity that more than compensates for any misgivings about the film's lack of unity. Other, later L'Herbier films mix visual invention with a greater degree of narrative order—*La Tragedie Imperiale*, *Entente Cordiale*, *La Comedie du Bonheur*—and if these are more to your taste you can catch them at the NFT. The season spans 23 years (1918 to 1942) and includes 16 features.

★

"Ahm Captain Mabyke Carter," says Michael Caine, introducing himself in *Beyond the Poseidon Adventure*: the cockney captain of an ocean-going tugboat which stumbles in mid-Atlantic upon the protruding bottom of the upturned passenger liner Poseidon—only hours after it has capsized. Mr. Caine decides to venture inside it to find such valuable cargo as he can lay salvage rights to: or, as he more simply puts it, "A quick trip dahn to the purser's office to get the money and gold."

Philippe Heriat in 'L'Inhumaine'

Helping him are his grizzled tug-hand Karl Malden and the pert, pretty brunette they picked up in Marseilles, Sally Field. Hindering them is a party of pseudo-Medical Officers who arrive—to cope with survivors, they say—in a spotless white launch led by the spotlessly bald and menacing Telly Savalas.

The film is, of course, a sequel to *The Poseidon Adventure*, in which a luxury liner, you will remember, turned upside down and caused much all-star panic, injury and loss of life. Groping along the ceiling were such as Shelley Winters, Gene Hackman and Stella Stevens: and groping similarly here are Caine and Co. Chandeliers rise up skyward and bar counters loom down from the floor-turned-ceiling.

Producer-director Irwin Allen, who made *The Poseidon Adventure* and has since assaulted us with *The Towering Inferno* and *The Swarm*, is in charge again here, guiding the Caine trio through a convenient hole in the ship's bottom ("Oh, the French coast guards must've cut this 'ole"), on through the engine-room and galley, on to the hoped-for safe full of gold coins, on to a showdown with Savalas and his thugs (who are after the ship's cargo of Plutonium), and finally on to an 'Ow-Do-We-Get-Out-Of-'Ere return journey up to the bottom.

Various passengers not dealt with by the earlier film stumble into view and join the Caine patrol. Shirley Knight opens a cabin door behind someone's back, taps him on the shoulder, gives him a moment of understandable heart failure and then says "Oh, I'm teerribly sorry." Then she introduces her older husband (Jack Warden) who is of course—to ensure that the patrol's progress does not become too simple and easy — blind. Met later or earlier in the film's 113 minutes are a Texan "millionaire" (Slim Pickens), the father of a missing daughter (Peter Boyle), the ship's nurse (Shirley Jones), the missing daughter, and the missing daughter's boy friend.

Occasionally the dying Poseidon emits a great belch of fire through its upside-down funnel, causing the ship to judder violently. Occasionally a large piece of scenery is persuaded to tumble down, narrowly missing all the cast. Occasionally Karl Malden, who is dying of a mysterious Hollywood disease, clasps his chest and sits down breathing heavily in a corner of the ceiling. And occasionally Michael Caine rallies everyone with a cry of "Down't panic, everyone."

This extraordinary movie from the fag-end of the disaster cycle boasts hardly a moment of redeeming suspense or eye-catching spectacle: and the humour is exclusively unintentional. After this production and its equally abject predecessor *The Swarm*, Allen owes us a disaster film worthy of the name. Perhaps his next project will provide it—it's called, promisingly and all-encompassingly, *The Day The World Ended*.

★

Boulevard Nights is one of those Hollywood hybrids that seem so eager to crossbreed and cash-in-on current trends that they lose any sense of individual identity. If you could imagine *Car Wash*, *American Graffiti* and *Warriors* meeting in three-way collision, you would have some idea of the pile-up of influences that form this tale of Chicano street gangs in the *soi-disant* slums of East Los Angeles.

"Slums" hardly seems the word for the elegant hills of the *barrio* area; and one problem with the film is that this tale of job desperation, street violence and gang vendettas — though with authenticity since the film was shot on location with an almost wholly non-professional cast—sits oddly and unconvincingly among the cool, wood-frame suburban houses.

The central tale of two brothers and their ill-fatedly divergent life-styles (one is smart, good-looking and a born leader, the other weak, hot-headed and a born victim) ends in a compellingly violent climax, but it drags its heels en route rather like a '50s Elia Kazan social-problem movie. The good brother (Richard Yniguez) is too good to be true, or at any rate interesting. The younger brother (Danny de la Paz), by contrast, is a sort of invertebrate version of James Dean, drooping into a sullen but curiously charmless rebelliousness. There is also an insipidly sweet girl — betrothed to the good brother — whose saccharine presence keeps slowing the film to a standstill.

Director Michael Pressman squeezes some comic-exotic moments from the scenes of youths parading their cars down Whittier Boulevard or demonstrating their vehicles' startling powers of hydraulic levitation: rearing up on front wheels like bucking broncos. But the film tries too hard to cater to too many box-office trends, and it ends up satisfying none of them.

Architecture

Glasgow School of Art

by GILLIAN DARLEY

This country cannot boast of many pilgrimage-points on the international architectural itinerary. Without doubt, however, Charles Rennie Mackintosh's School of Art in Glasgow is one such; among the few early 20th-century contributions that Britain can offer.

Built between 1897 and 1909 the Glasgow School of Art is really two buildings — the design that won Mackintosh the original limited competition and the later wing that magnificently exploits its site, a steep ridge which drops dramatically to give one of that city's characteristic switch-back streets.

Mackintosh's building is one of those rare expressions of creative genius that do not depend on other models nor give easy clues as to their genesis. He was as unlikely an architect to spring from late 19th-century mercantile Glasgow as Turner had been from earlier 19th-century London. Although there is an element of the Scottish vernacular in the School of Art, the dour functionalism has been transformed. That very raw material helped to give rise to, for example, the soaring verticals of the later library block, which seems to have been poured over the rim of the hill-top. The School of Art represents a completely radical step in architecture — seen all the more clearly when one considers that the marble halls of the City Chambers were completed just 11 years before.

It is the attenuated windows on the library block, and the more generous studio windows on the entrance front that tell about the interior. Still a bustling art school, Mackintosh's building has an extraordinary wealth of small, humane touches as well as the more obvious and ambitious aspects of the design. Along the corridors are window seats, tall wooden settles with views stretching beyond the city. Light streams in everywhere; through the immense timber roof of the museum (so-called because of the display of classical casts); through the wrap-over studio windows which stretch the height of the room and then over the edge of the roof and in odd places, too, such as the internal windows that pierce the heavy medieval looking stone stairs that lead to the professors' studios above.

Materials are used for their own merits. Wood is stained dark and still smells of the forest. Doors are marked by rubbed brass numerals and tiny stained glass panels. Floors off the stairs are coded by the characteristic Glasgow school squared motif. The ubiquitous clocks look like nursery furnishings, the detail clear enough to learn to tell the time by. Even the old labels to the various studios remain—one giving a period touch with the legend "modelling ornament."

The library itself is, like the exterior, a pattern of verticals. Everything thrusts down, and the small space has the same illusionistic quality of the galleries in Sir John Soane's Museum where dimensions cease to have their literal meaning. Other rooms in the School of Art recreate some of the lost interiors of the Glasgow School, with furniture, paintings and fabrics. In the Mackintosh Room the staff meet, sitting on modern chairs with the high-backed originals pushed back against the wall.

This is a building to be proud of. Yet Glasgow has not done too well by it. It is surrounded by inferior building, some very recent, and one tower block beams the sun back into the studio windows, eliminating the balanced natural light source so effectively marshalled in the design.

Visitors are assured of guided tours, Monday to Friday, 10 am to 12 noon and 2 pm to 4 pm. On arrival (at the prescribed hour) the visitor meets with obstruction and a wall of indifference from the staff responsible, the maintenance staff of the building. Only enormous obstinacy produces the promised "tour." A rota of well-informed students would ease the situation greatly — people specifically employed to show visitors round the building rather than people diverted from other duties by the irritating arrival of "tourists" and, above all, able to be informative and, even, friendly.

As a nation we haven't that much to boast about architecturally and can ill-afford to be this mean about what we have. I suspect Stevenage and Harlow are far kinder to *their* overseas visitors. For the moment the thrill of seeing the building is much diminished by the struggle to visit it.

The library interior

Albert Hall/Radio 3

Holmboe, Sibelius

by MAX LOPPERT

The British premiere at the Proms on Wednesday of the Cello Concerto (1975) by Vagn Holmboe was at the same time a gesture of respect towards the senior figure of Danish music, rarely performed in this country. The work swiftly revealed its character. A sober character: Holmboe's music avoids here any kind of superficial attraction, in the form of aural titillations, experiments with tone colour, easily extrapolated conceits or images. The concern is with musical ideas, their laying out, development, and conclusion; and the sound of the piece is a lean gathering of functional sonorities through which the cello easily emerges as vigorous mouthpiece of the argument. No concession is made to the listener, who is neither scared away by egregious outbursts of violence nor wooed by overtures of friendship. The music seems at times to pursue its course almost as though the presence of any listening ear was of no real importance.

My own response to the concerto was at once admiring and deeply unsympathetic. The former, because of the clear and conscientious way of placing the notes, the diligence of the discourse, the seriousness of the themes proposed and of their manner of development. And the former, because of the undifferentiated mildness of idiom, vaguely Northern pastoral-pentatonic, which seems to bathe everything in grey and dull pastels. Perhaps Holmboe required stronger advocacy from the Bournemouth Symphony Orchestra under Paavo Berglund, though the intense commitment of the soloist, Erling Blondal Bengtsson (also the work's dedicatee), was not in question. Doubt had to be raised about the orchestral degree of involvement after the opening performance of the Sibelius Third Symphony—unwontedly lax and complacent in Berglund's treatment. Sibelius's C major, at beginning and end, is a more thrilling, elemental sound than the courteous but uncommitted Bournemouth playing would have one believe on this occasion.

Old Vic

Hamlet

by MICHAEL COVENEY

Prospect Theatre is now the Old Vic Company and Toby Robertson's serviceable production, first seen at the 1977 Edinburgh Festival, bows again for 15 performances before embarking on a tour of Elsinore, China, Swindon and Newcastle. Derek Jacobi is still the Prince, sickly, neurotic and quicksilver. "To be or not to be" is still addressed to Jane Wymark's affecting Ophelia, eliding well with the following scene of disgusted rejection.

The whole show has a tendency to melodramatic coarseness, especially so in the playing of Julian Glover as Claudius. Other cast changes for the better include Brenda Bruce as Gertrude, a brittle and confused Queen delivered with panache; and Robert Eddison, forsaking the double of Ghost and Player King for a truly original reading of Polonius. Mr. Eddison's scene with Barrie Rutter's Reynaldo, in which he sets a trail on Laertes, struck me as almost the freshest of the evening. Not even the mistaken assertion that "the apparel oft becomes the man" could diminish the effect of this suave blunderer getting his just deserts.

The dumb show, like some animated Chaucerian tapestry, has a resonant beauty, and Donald Fraser's music, full of confident caesuras and brassy cadences, is as powerful as ever. Mr. Jacobi's is not a Hamlet that will live with me as long as David Warner's or Ben Kingsley's, but it will no doubt please many, as will a production that relies more on traditional virtues than on blinding inspiration for its impact.

Middleton papers for Maritime Museum

The National Maritime Museum at Greenwich has acquired the papers of Charles Middleton, First Baron Barham (1726-1813), whose importance in the history of Naval administration is second only to that of Samuel Pepys and George, Lord Anson.

The collection of about 2,500 items in 23 boxes, includes correspondence with names that read like a veritable Naval *Who's Who* for the period 1770-1805. Included are 11 letters from Nelson, one dated October 13, 1805.

There are others from political figures such as Pitt the Younger, Castlereagh and Wilberforce.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871/2, 883897
Telephone: 01-248 8000
Friday August 3 1979

Coal must pay its way

Despite the National Coal Board's loss of £19.4m, announced yesterday, Britain's coal industry appears to be feeling decidedly smug. The National Union of Mineworkers has been so impressed by the latest round of OPEC-inspired energy price rises that it has demanded pay increases of up to 65 per cent from November. Sir Derek Ezra has proclaimed proudly that this year's "operating" profit, before interest, has been higher than last year's, but has failed to draw attention to the £50m increase in Government grants that accounts for this, or to the fact that the success of open-cast mining disguises a massive, and rapidly growing loss in the deep mines.

A convert

The Government, too, has become a convert to the cause of coal. It seems likely that it will play the good fairy and grant the coal industry three wishes. The NCB's finances are likely to be restructured, with public dividend capital replacing a large proportion of debt. At a stroke much of the NCB's £138m interest burden will vanish. The liability for increases in pensions granted to miners in 1975 may be shifted wholly onto the Government, saving the NCB £30m a year. Major improvements in redundancy and relocation payments, again financed by the Government, appear also to be on the cards.

Clearly much has changed since the 1960s, when one of Britain's most pressing social and economic problems seemed to be the need to run down the coal industry as humanely, but as rapidly, as possible. Since 1970, investment in new coal mines has multiplied thirty-fold, miners' real wages have soared, profits from open-cast mining have quintupled and the industry's turnover has trebled. But the most important indicator—output per manshift—has remained almost exactly constant.

Energy problem

The energy problems of the 1970s have been a godsend to coal-mining and there is now no question that Britain must develop fully what will probably turn out to be its most important long-term natural resource. But the coal industry's future prosperity is not automatically assured by the fact that energy prices are rising. It depends solely on the ability of miners and management to get coal out of the ground at a competitive price.

This, in turn, depends on the development of rich new seams of coal, mainly in Yorkshire and the East Midlands. Unlike many of the existing collieries, which have been worked for decades and are rapidly running out of coal, these deposits can produce coal as cheaply and efficiently as any in the world. Using advanced deep-mining technology, in which the NCB leads the world, the miners in Royston produce the highest output per manshift in Europe. On average the NCB's new mines have doubled the productivity of the old ones, and in these mines productivity is expected to rise rapidly as the workings are extended.

Inefficiency

Butt he excellent prospects of the new mines should not be allowed to disguise the hopeless inefficiency of much of the NCB's existing capacity. It is the cost of keeping open the worked-out mines that forces the NCB to charge excessive prices for its coal, and to clamour for import controls. In fact imports of more coal from Australia, to bridge the gap in cheap supplies while the NCB brings new mines into production would not only help the steel and electricity industries, but would also increase the demand for coal in industry and facilitate the conversion to coal which will probably be required near the turn of the century.

Instead of concentrating all its resources on increasing efficiency, the NCB is wasting much capital on the maintenance of inefficient mines. While miners waste their time in unproductive collieries, there is actually a serious shortage of miners in some places. A determined programme of pit closures is far more important to the NCB's productivity than the incentive scheme introduced in 1977, which has done precious little. To this end, bigger payments for the relocation of miners and for redundancies are entirely desirable.

Wiping the slate clean of past mistakes in financial structuring and in pensions funding is also reasonable and fair. But before these measures can be wholeheartedly supported, there should be more evidence that the most serious liability inherited from the past, that of th eoutdated pits, is also being tackled.

Italy seeks a Government

In the past two months three distinguished men have tried to form a new Italian Government, and failed. A fourth is about to try his hand. The country's President Signor Sandro Pertini, having initially attempted more overtly political solutions to the crisis, is now looking for what has become known as a "Truce" Government to tide the country over until the smoke generated by the warring political factions has cleared. The omens for any durable Government to emerge from the present deadlock are by no means good.

Impasse

Throughout a political crisis that is now effectively seven months old, the country has been kept running. The economy, guided by the Bank of Italy, has even performed with a considerable degree of success. The lira is strong and the balance of payments is in comfortable surplus. But the political impasse has reached what is a new low even by Italian standards and serious questions are now being asked about the country's governability under the present constitutional and political system.

The Christian Democrats, still the country's largest party with 38 per cent of the vote in the June elections, are deeply split. They have lacked effective leadership ever since the kidnapping oft heir former mentor, Signor Aldo Moro, 18 months ago. Rarely has the jockeying for power, both within the Christian Democrat Party and between it and the small Socialist Party, been more apparent. For the past few weeks the issue has largely been one of personalities. What has been at stake has not been the policy programme of the new Government but the identity of the Prime Minister, and the implications for the future balance of political power in Rome.

The Communists, the second largest party, have been staying on the sidelines. They are unlikely for the time being at any rate, to change their uncompromising attitudes to the formation of a new Government, which triggered the present crisis last January. So long as they are not offered full participation in a new Cabinet, they are determined to remain in opposition. Signor Giulio Andreotti, the outgoing Prime Minister, has failed in his attempts to revive the old formula under which the Communists gave unofficial support to a minority Christian Democrat Government.

It is this that has catapulted the Socialists, with only 9 per cent of the vote in June, into prominence. The Christian Democrats need their Parliamentary support if they are to form a Government against Communist opposition. But a leading faction in the Christian Democrats is not prepared to accept that the next Prime Minister should be a Socialist as the price of that support. Hence last month's failure by Signor Bettino Craxi, the Socialist leader to form a Government—despite the fact that right-wing Christian Democrats would have liked him to succeed so as to isolate the Communists.

Signor Craxi, however, has not altogether given up hope. He is now manoeuvring to try to bring about the fall of his opponents in the Christian Democratic Party at its Congress due for later this year. This is almost certainly the reason why he torpedoed the latest Christian Democratic attempt to form a Government under Signor Filippo Maria Pandolfi was meant to be an earlier this week. Signor Pandolfi was meant to be an impartial Prime Minister, at the head of a "technocratic" Government, but he could have been difficult to bring down if he had succeeded.

Elections

Amid all this unashamed wheeling and dealing, two things are clear. The first is that no lasting solution ise likely to be found until some sort of working relationship is established between the country's two major political forces — the Communists and the Christian Democrats. New elections are unlikely to change anything, given that the Christian Democrat share of the vote has remained remarkably stable at around 38 per cent in the last five polls. The second is that the politicians are going to discredit themselves still further if they continue much longer in the same vein.

Mr. Carter's new dilemma: the Chrysler crisis

By JOHN WYLES in New York

CONCERN about the survival prospects of the Chrysler Corporation has become a marked and repetitive feature of recessions in the U.S. In 1969-70 and again in 1974-75, Chrysler's evident difficulties in selling its products and funding its capital requirements prompted much anxious speculation about the future of the country's third largest automobile manufacturer.

With recession now an official Government forecast, the difference this time is that Chrysler has never been as financially and industrially weak in advance of an economic slowdown and that the speculation of the past three months that the company was facing another "crunch" has now become fact.

Effective confirmation of the company's crisis was given on Tuesday afternoon at a crowded Press conference in Detroit when Mr. John J. Riccardo, Chrysler's chairman, informed a bemused gaggle of 60 or more journalists that the company in effect wanted a $1bn loan from the federal Government. He preferred to talk of "accelerated tax credit" but his message was clear: after losing $260m in the first six months of the year and in the face of full year losses of between $500m and $600m, Chrysler looks unlikely to be able to finance model development and production programmes needed to maintain the company as a "full-line" competitor in the automobile industry.

It was enough to set alarm bells ringing in Washington where the U.S. Treasury expressed its concern about Chrysler's financial condition and the outlook for its 250,000 employees. It promised to expedite its consideration of Chrysler's request for financial aid and relief from implementing new exhaust emission standards. Senator Russell Long, chairman of the Senate Finance Committee, opined bluntly that without federal help Chrysler looked likely to fail.

There is now plenty of support for this view among Wall Street auto analysts. "As far as we are concerned it is now virtually impossible for Chrysler to make it on its own," said one leading analyst yesterday. "With capital spending needs of $800m this year and next and losses of around $600m this year and next, Chrysler needs $1.4bn of capital a year, to maintain operations. There is nobody but the Government to provide it," he added.

This faces the Carter Administration and the Congress with an unprecedented decision. The only comparable dilemma was posed by the Lockheed Corporation in 1971. But the sums of money involved then were much smaller and only federal loan guarantees were sought by the company. U.S. Governments have never regarded it as their business to bail out "lame ducks" (viz the spectacular collapse of Penn Central in 1970). But with re-election year looming will President Carter want to be held responsible as the man who let Chrysler go under?

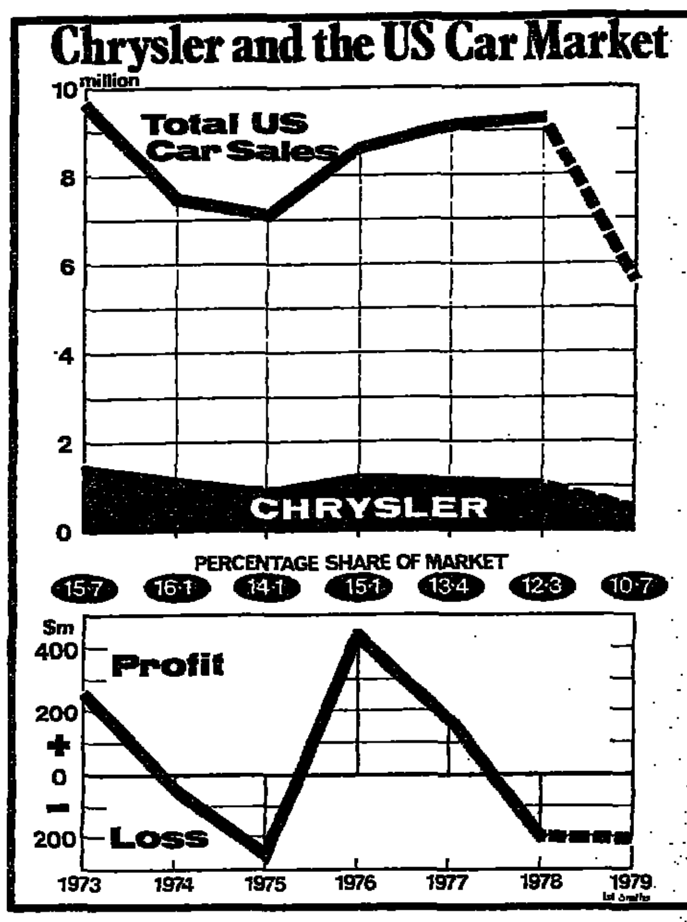
Other issues are also at stake. Chrysler is stressing that its problems stem from the fact of Government regulation — the federally mandated insistence that the auto industry must comply with steadily toughening standards governing fuel consumption, exhaust emissions and safety. There are dozens of other companies, particularly in the steel industry, which claim to be labouring under extreme financial burdens associated with Government regulations. A rescue package for Chrysler could open a Pandora's Box of demands for federal aid and relief. Certainly many Congressmen are worried about taking such a leap in the dark and are insisting that Congress must be satisfied that Chrysler has done everything possible to save itself.

Although there is considerable justice in Chrysler's claim that the financial burden of regulation is much harder to bear when you are spreading the costs over sales of 1m cars a year instead of 5m like General Motors, it is also undoubtedly true that the company's present plight has much more fundamental origins. These stem from the fact that it has been much less efficiently organised and managed than its two main rivals, GM and the Ford Motor Company.

The results of this weakness have become amplified during the past 30 months when its share of a very strong market for cars and trucks has been sinking to its lowest level since 1962. While Chrysler was losing $205m last year, GM was turning in record earnings, and Ford close to record earnings.

After the unprecedented half-year losses reflecting a 10.4 per cent drop in car sales and an even sharper 24.7 per cent decline in truck sales, Chrysler has been forced to lay off 19,200 car workers indefinitely. Even Mr. Lee Iacocca, former President of Ford and since last November President and putative saviour of Chrysler, appears to be losing some of his characteristic ebullience in the face of his new company's difficulties. Since he took over Mr. Iacocca has raised considerable dust by hiring former Ford executives, and by snatching away one of Ford's top advertising agencies. In addition he has attempted to disguise a weakening hand with a variety of gimmicks designed to raise morale and create a sense of movement and progress. However, the lead times in the auto industry between the conception and of new models and their marketing is two to three years which means that Mr. Iacocca's impact in the marketplace will inevitably be delayed. Increasingly, he has come to resemble the ringmaster who has arrived ahead of the circus. He can entertain with rhetorical flourishes and promise plenty, but essentially he must beg a restless audience to be patient.

The problems which Mr. Iacocca has inherited are not, of course, merely a reflection of two years' difficulty in selling new cars. They are much more fundamental and stem from the fact that Chrysler management has never succeeded in establishing the company either as a secure and profitable "No. 3" in a market largely dominated by two other companies or even as a credible challenger to its two rivals. Having been "No. 2" to GM in the early 1950s Chrysler management seemed until 1976 reluctant to accept a lesser status but at the same time lacked the ability and resources to lift the company up by its bootstraps.



Dubious assets

Under the leadership of Mr. Lynn A. Townsend Chrysler, between 1961 and 1975, opted for vainglorious attempts to rival GM and Ford overseas by acquiring dubious assets such as Rootes in the UK and to a lesser extent, Simca in France. At the same time Chrysler was displaying less and less sensitivity to its U.S. market. Part of the reason undoubtedly lay in the fact that Chrysler, not unlike the old BMC, traditionally had elevated the engineer to a godlike status and engineering to the pinnacle of its marketing efforts.

A reputation for sound engineering is not undesirable because it implies sound quality. But it has proved an increasingly flimsy base upon which to build a company and a marketing strategy when there have been few comparable priorities attached to styling or even to possible market reactions to engineering innovations. At times, Chrysler got too far ahead of the competition with its gadgetry, as in 1956 when it found to its dismay that there was very little demand for a push-button transmission, developed at considerable cost, to make the gear lever redundant.

Unhappily because so much auto industry marketing is about "image," Chrysler struggled with only limited success to carve out a reputation for developing distinctive models. Market research indicates that both GM and Ford cars can be quickly and accurately recognised by consumers. Chrysler's failure to develop a consistency of styling left it with the ambiguous image of the emulator, the producer of "me too" cars which may have been very surprising under the bonnet but had little with which to catch the next door neighbour's eye.

But important strategic decisions have also been missed. In the late 1960s Chrysler management started deliberating on whether it should launch a small car, known as a "sub compact" in the U.S. With imports gaining in volume, both GM and Ford attempted, not altogether successfully, to remedy this deficiency in their fleets in the early 1970s. Chrysler wavered, concentrated its efforts on the larger cars, imported small Mitsubishi cars in low volumes, and was thus left high and dry in the 1974-75 fuel crisis and recession. In 1975 its sales plummeted 17 per cent against an industry decline of 5.3 per cent and although it recovered some ground the following year with the help of a redesigned line of compact cars (intermediate size in Europe), great damage had been suffered.

When the decision to develop a sub compact was belatedly taken in 1975, Chrysler, its finances gravely weakened by the recession, made what was in effect the wrong strategic decision and decided against supplying its own engines. It opted instead for a purchasing agreement with Volkswagen for which it is now paying a bitter price.

Since the onset of the petrol crisis in May, the shortage of engines has become costly and painful and has forced Chrysler dealers to turn away thousands of potential Omni/Horizon customers from showrooms which are bursting at the seams with medium and full sized cars which the company can build in abundance but which precious few customers appear to want.

The last recession not only rocked the company's finances because of unprecedentedly large losses — which may, however, look modest in comparison with this year and next —but it also very nearly disembowelled Chrysler. The twilight months of the Townsend regime were characterised by drastic cuts in spending, especially on forward model programmes, and by a harsh permanent reduction of about 15,000 or around 25 per cent in white collar employment.

Engineering and design staffs fell under the axe with apparently severe consequences. "Since that time, Chrysler's new model introductions have consistently been 'a day late and a dollar short,' plagued by delays and launch and quality problems," says Mr. David Healy, auto analyst with Drexel Burnham Lambert.

But the other serious consequence of the last recession was that it weakened the company's capacity to adjust to the Energy Act of 1975 which ordered the U.S. auto industry to produce fleets of cars with steadily improving average fuel consumption. In order to meet the ultimate target standard of 27.5 mpg average consumption by 1985, each of the Detroit companies must in effect redesign their fleets and reduce their size, not once but twice.

The capital requirements to meet these and additional regulations covering exhaust emissions and new safety devices are enormous. Mr. Iacocca recently estimated that industry spending would have to be about $80bn by 1985—while Chrysler has needed to find about $7.5bn by 1983.

Mr. Iacocca claimed on Tuesday that Chrysler, by reason of being smaller than its two rivals, was being hurt most by these regulations. "Regulations increase the smaller company's per unit cost disproportionately to its larger competitors, place a greater proportionate strain on its more limited financial personnel, and technical resources, and deprive its management of the decision making flexibility it must have to remain competitive," he said.

Showing as much determination and resourcefulness as a condemned man anxious to escape the rope, Chrysler has struggled hard over the past two years to finance its losses and fund its capital requirements. It has first and foremost sold off virtually all of its overseas assets save for operations in Canada and Mexico.

Peugeot-Citroen's purchase of the European businesses pulled in $230m. GM's purchase of some South American facilities another $100m and Mitsubishi's acquisition of a slice of Chrysler Australia furnished another $30.2m. Additional amounts have been supplied by the sale of common stock to employees ($37.2m last year and about $50m this) loans from insurance companies ($94m), a preferred stock issue ($234.4m) and the sale of some of Chrysler Financial Corporation's assets overseas ($100m).

All these moves have helped to keep the company's head above water but the sales crisis of the past three months which has left it with a $700m inventory of unsold cars has nearly brought the company to its knees. Working capital has been sliced from $1.15bn a year ago to $800m, short term debt has mushroomed from $49.2m to $217m and the company is using $550m of the available $750m of short term credit.

Chrysler has been forced to ask suppliers to allow longer payment terms. It has also delayed funding of certain pension liabilities and has arranged a $400m line of credit with Japanese banks to fund the imports of Mitsubishi vehicles it markets in the U.S.

At the same time, doors are beginning to close on any other credit that might be available. Moody's Investors Service has twice cut its ratings this year on the company's subordinated debt and on the commercial paper of its subsidiary, Chrysler Financial Corporation. The latter now looks likely to have very costly problems in raising finance for Chrysler dealers and their customers and will have to draw on $1.6bn of bank credit in order to fund its operations.

Chrysler claims that its inventory problems, though critical, are not much worse than those of Ford which it estimates has a 91 days' supply of vehicles compared to Chrysler's 95. This may indeed be the case, but Ford is not reeling in a cash crisis and neither has Chrysler learned many lessons from its recent experience.

Chrysler is the only one of the Detroit big three to build its cars and trucks on spec, without firm dealer orders. When it was bowed down with a similar inventory problem in 1975, the word from the company was that it would henceforth adopt the same production principles as GM and Ford. Nothing changed, however, and making the switch is now one of Mr. Iacocca's top priorities. Such sins of omission tend to hatch lame ducks.

MEN AND MATTERS

Big guns on the M42

Lord Denning's latest judgment opens another round in a remarkable fight between opposing nationalised industries. When the Master of the Rolls quashed an order for the building of two sections of the M42 motorway near Birmingham he delighted Transport 2000, an action group which receives financial backing from British Rail. The motorway objectors have been given tactical advice by Transport 2000.

Cast down by Denning's decision is the British Road Federation, which gets money from the National Freight Corporation and the National Bus Company. One of the few things on which both sides agree is that the struggle is far from over: the Department of Transport is appealing to the Lords.

The rival lobbies have their offices in London's W1, hardly a motorway's width apart. Predictably their styles are quite distinct. There are bicycles on the stairs as you climb up to the single room occupied by Transport 2000, to be greeted by a bearded architect and planner Nick Lester. On the jacket of his denim suit is a large badge: "Passenger Trains Make Sense."

How much money does BR give to sustain Transport 2000's activities? "About £5,000 a year," says Lester vaguely. "But most of our funds come from the National Union of Railwaymen and ASLEF." He is also proud that the National Federation of Women's Institutes has signed on for membership.

As a parting shot, Lester says: "Do you know that 25,000 acres of Britain are covered with motorways? Such a statistic would not bother them around the corner, in the stylish offices of the Road Federation. Leaflets with such titles as "Better Roads for a Better Economy" are set out on coffee tables.

In executive attire, director Robert Phillipson wears no badges. He says: "We are backed by everything that rolls about" (except trains, of course). Phillipson admits being upset by Denning's judgment, and agrees that it is "exceedingly odd" that nationalised industries back conflicting pressure groups.

Smart dink

Frnch competitors in the Olympics tend to trail behind even more lamentably than the British. However, where political finesse is required, the French leave everyone else standing.

Yesterday, with a few innocuous flicks of the legislative pen, they extricated themselves with minimum embarrassment from the threat of a big political clash, by stopping South Africa's Springbok rugby union side from making a planned tour in October.

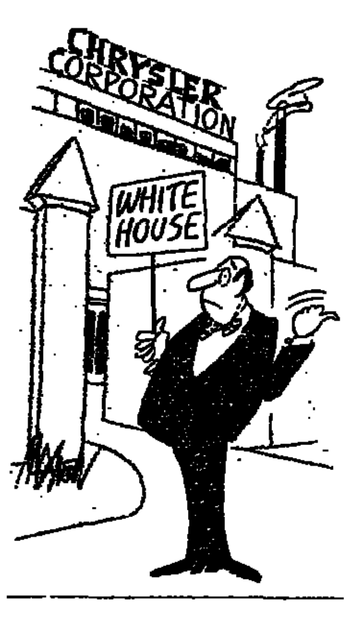
This smart sideways dink sets up Britain fair and square as the target for agitation from the black African nations about sporting links with South Africa. The Russians have threatened countries having such links with exclusion from the 1980 Moscow Olympics, and the British Lions rugby team are due to tour the republic next year.

When the Russian threat was first made, the French gave assurances to black African nations that the Springbok tour would not go ahead. The question was how to prevent it discreetly, without invoking a presidential ban.

Neither the Rugby Union nor the National Olympic Sporting Committee, France's top sporting body, would help, so the Government had to fall on its own devices.

The players, officials said, would simply not be given visas. But there was a hole in this argument. South Africans have not needed visas to go to France since 1958.

So now the Foreign Ministry has announced that visa requirements for citizens of the Republic will be reintroduced from the beginning of next month. No one will be surprised when these are refused to players of a certain rugby team. This leaves us in the firing line on our own. No one can guarantee that a similar trick with the visas will not be played on the British Olympic team if the Lions' tour is not called off.



Rust in peace?

The last of Britain's milk churns went out of service this week. The Milk Marketing Board proudly announced that all the milk produced here is now being collected by bulk road tankers. The phasing-out of this once-familiar roadside vessel has taken 20 years, gathering pace six years ago when the board decided that all farmers should "go bulk."

Its demise has also helped to push many small-scale dairy farmers out of milk production. About 1,000 Welsh farmers, for example, have this year decided not to lay out money on vat storage. They plumped instead for generous EEC subsidies paid out to encourage "surplus" milk producers to take up beef, sheep, or other enterprises.

So many thousands of redundant aluminium and galvanised steel churns will now be kicking around our creameries.

They could be sold as scrap. Some have already been exported. But our bric-a-brac corespondent advises would-be entrepreneurs to bear in mind the appetite of the British middle classes for industrial memorabilia.

After all, if they will buy old street lamps and even pillar boxes, there is no reason why they should not fancy milk churn flower pots on the front steps of their town houses.

When the West Country was snowed up last winter, some farmers bought up old churns to store milk until the bulk tankers could get through to collect. They were paying 50p to £1 each then. But I cannot see the price staying so low for long.

Voice over

The latest technological miracle in the U.S. is bill-paying by phone. Chase Manhattan yesterday introduced a service whereby customers can tell a talking computer (in the jargon a "voice response unit") to pay money from one account into another.

Encouraging the transfer to Britain of this novel mode of honouring commitments is unlikel yto solve the oPst Office's problems. Industrial action since April means that unsent bills worth more than £600m are outstanding.

Fallback position

The border state of Andorra has not managed to escape the economic travails of the rest of the Western world. A union official told his men, after hard negotiations with management, that he had two pieces of news, one good and the other bad.

"The bad news first: the company is going to cut our wages. Now for the good news—I've managed to get it backdated to last April."

Observer

The impossible cost of defence

THE CONSERVATIVE Party came to power pledged generally to reduce the level of public expenditure as a share of the national income. The major exception was defence where the Manifesto stated: "We shall only be able to decide on the proper level of defence spending after consultation in Government with the chiefs of staff and our allies. But it is already obvious that significant increases will be necessary."

Three months later it is doubtful whether that promise will be fulfilled. Certainly the perennial arguments between the Treasury and the Ministry of Defence over defence spending have already begun and it will take a political decision at the highest level if spending is to be increased in any significant way.

These arguments have gone on for years. The Ministry of Defence believes that it has cut, trimmed and deferred expenditure so much that it is down to bedrock if Britain is to fulfill her commitments. Yet the pressure, if not for cuts at least for deferments, continues even under a Conservative Treasury. At the same time, the cost of defence goes on rising to the point where even if more money were spent we might still end up with less defence than in the past.

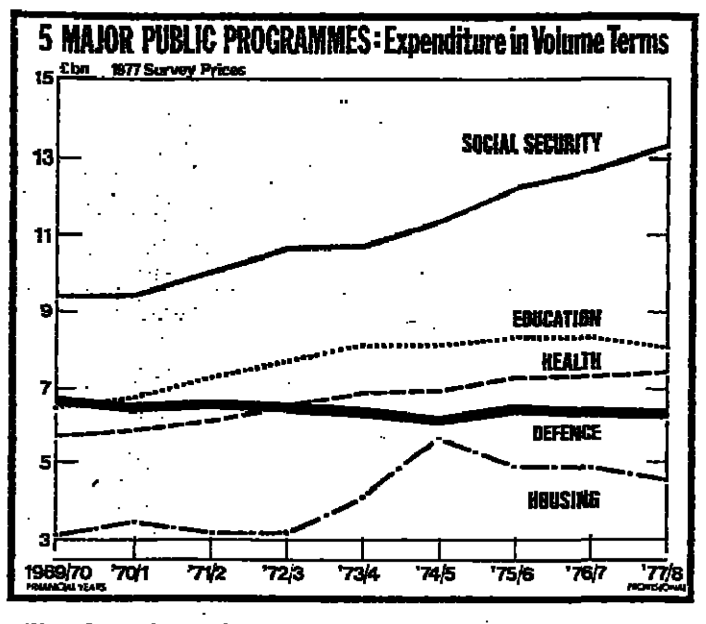
The recent battle has waged over cash limits, the amounts within which the Ministry of Defence like most other government departments are required to live. In fact, Defence has done quite well. In 1976-77 and 1977-78 it actually underspent. But there lies the rub. The amount that is underspent one year cannot be simply carried over to the next. It is rather seized on by the Treasury as a way of cutting the borrowing requirement.

The Ministry of Defence has been arguing for some time that it is difficult to go on like this. The underspending is not its fault. It cannot be expected to pay bills that have not yet been presented. The Shipbuilding programme, for instance, is usually a good 12 months behind schedule and the Ministry does not want to pay for work that has not been done. Yet the specific programmes have been approved and the money should remain available.

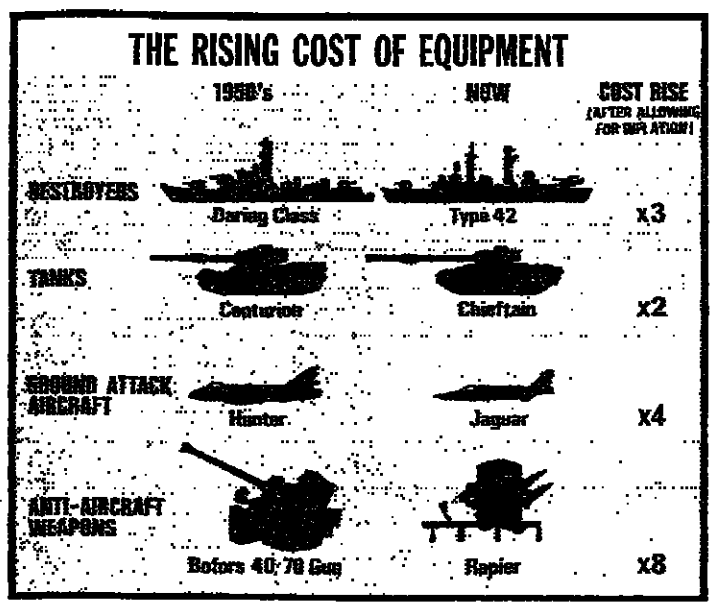
At least until recently the Treasury argued that it was up to Defence to get its targets right and then meet them within the yearly cash limits. That is known as the principle of "annuality." Any other practice, it was claimed, would undermine the discipline which cash limits were meant to impose.

In the last few weeks, however, the Treasury has gone some way towards meeting the Ministry's plea for greater flexibility. It has suggested that there might be a special fund—a kind of extra contingency reserve—of about £350m which would allow underspending in one year to be compensated in the next. Not all of it would go to the Ministry of Defence, since there are other Departments which have similar problems. But the MoD could expect to claim about 60 per cent. The suggestion apparently remains on the table.

Yet there is also a complication. In 1978-79 the problems at the Defence Ministry were not those of underspend, but of overspend. The amount is relatively trifling, perhaps £60m-£70m against a total defence budget that year of about £7bn, and at least one other department is in the same position. But it does raise an interesting question. What is the Treasury, and indeed what is Parliament, to do if cash limits—the chief means of exerting discipline on the spending departments, are exceeded? The answer seems to be that nobody quite knows, though no doubt there will be some fascinating Select Committee hearings on the subject.



The chart shows that during the 1970s defence expenditure has stayed about level at constant prices. Expenditure on social security has risen quite sharply in the past few years. Over the decade defence has dropped from second to fourth place.



The cost of defence equipment rises faster than prices in general. It may be no longer possible to buy the same amount of defence even if defence expenditure is maintained "in real terms."

More to the point, the MoD believes that the cash limits for the current year are quite inadequate even to meet already approved programmes. On the most optimistic assumptions of Treasury benevolence the cash limits could still fall a good £150m short of requirements. That is quite apart from any additional commitments to defence sought by the new Conservative Government.

The MoD blames the Treasury for making unrealistic assumptions about the rate of inflation and therefore setting unrealistic cash limits; and it is true that the original cash limits for 1979-80 were set in the days of the 5 per cent pay policy. The Treasury admits this, up to a point. But it also admits that it is trying to make a virtue out of the miscalculation of inflation by using the cash limits to force cuts in public expenditure.

Besides, the Treasury argues that it has already been exceptionally generous to Defence, and certainly much more so than to other departments. The increase in the services' pay, for example, which the Conservatives approved almost immediately on taking office was fully compensated by a rise in cash limits. Judging from the last Defence White Paper in February, it is not clear that the compensation under a Labour Government would have been anything like complete.

The Conservatives also awarded defence an extra £100m in the budget in June in order to help it meet its existing programmes. They promised, too, that the ministry would not have to meet any of the increase in costs arising from the budget itself: for instance from the raising of VAT. The defence cash limits would be again stepped up. Beyond that, there is to be compensation for the forthcoming pay award to industrial civil servants, many of whom work for the MoD, though it has yet to be decided whether this will be full or partial.

The MoD has also had a bonus from the rising pound. The foreign exchange costs of maintaining British forces in Germany—estimated at £661m for the current year in the last Defence White Paper—have actually been falling. The defence budget must have benefited by about £50m in the past few months.

(Incidentally, the agreement under which West Germany offsets some of the foreign exchange costs of keeping British forces on its territory expires next March. It was intended to be the last, as indeed were others before it. It would be surprising if British officials were not looking round to find a successor, albeit on a multilateral rather than a purely Anglo-German basis. One sometimes wonders whether the offset question will ever go away.)

To return, however, to the straight and narrow: the Treasury even under the Tories says that it has already been more than generous, while the MoD maintains that present allowances are indequate even for existing commitments. Both are probably right.

The MoD has a point when it says that, as a result of previous defence reviews, it has little more fat left to trim. Equally, some expenditure items have been deferred so often that the hardware would become virtually obsolescent if they were deferred still further.

On the other hand, there would be something to be said for a Treasury argument that British defence expenditure, as a percentage of GDP, remains way ahead of that of our NATO allies. In 1978 it was 4.7 per cent, compared to 4 per cent for France and 3.3 per cent for West Germany, though the German figure comes to 4.1 per cent if aid to West Berlin is included. Even the U.S. figure, for all America's greater commitments, came only to 5 per cent. It is true that percentage of GDP is only one measurement. The actual French and German outlays for defence are much higher than the British because their GDP is so superior. But the inferior British economic performance is also one of those facts of life of which we would expect the Treasury to remind us.

Mr. Francis Pym, the Defence Secretary, last week spoke as if the issues had already been resolved when he told a Press conference that the Government intends to keep defence spending rising by 3 per cent a year in real terms until well into the 1980s. That may be the intention, but one doubts if the Goverment fully understands the implications. Nor have the sums been completed.

The 3 per cent commitment was made to NATO by the previous administration. It was the minimum increase that one was entitled to expect from the Tories' election promises. Yet there is a misunderstanding about what 3 per cent a year "in real terms" means. The Treasury would like it to mean 3 per cent more than the general rate of inflation. The MoD insists that real terms means volume terms: the actual increase in spending would have to be higher because defence costs rise so rapidly.

That issue, for one, has still not been settled. Meanwhile the question of how the Tories could provide more defence on top of the three per cent, whatever it means, has scarcely even been broached. The argument continues at official level with the general emphasis being on fudging by deferring expenditure from one year to the next.

If there is to be a genuine increase, or perhaps even if spending is to be maintained at its present volume terms, there will have to be a political decision. Given the steadily rising costs, the question may yet have to be re-examined of whether Britain can afford to keep her existing commitments. Can it any longer be a land power in Europe and a maritime power in the Channel and the Atlantic? That is the issue which sooner or later the Government must face. If the commitments are to be kept, defence spending will have to be raised by far more than even Mrs. Thatcher seems to have envisaged. Only she and the Cabinet can decide.

Malcolm Rutherford

Letters to the Editor

No scope for improvement?

From Mr. K. Winckles

Sir,—The reactions of the members of the last Government to every positive move made by the new one are, I suppose, wearily predictable, as also are those of the TUC through Mr. Len Murray. It nevertheless seems quite extraordinary that nothing ever seems to be learnt from their own respective histories.

When Mr. Murray continues to attack the Government's plans for restraining the growth in public expenditure unleashed by the last government, he should also be required (were the news and broadcasting media trying to be politically fair, of course) to state: during what time scale does he see "group after group of workers being threatened"; why he always argues that public services have to suffer because of expenditure cuts—although he must know the contrary to be the case. (Why cannot anyone admit there is room for improved effectiveness in almost any activity, certainly including the public services?); and how he reconciles his stated belief of reducing inflation (here he implies he is in agreement with the Government) without at the same time reducing the public sector deficit. If that is not the problem as he sees it, will he say from what other cause the excess money supply can arise?

One final point. Would he and the TUC care to consider why it is that miners earning £9,000 pa seem willing to emigrate to Canada, and what deductions might be drawn from that fact in relation to members' real priorities and interests?

Kenneth Winckles,
Moor House,
Fishers Wood,
Sunningdale,
Ascot, Berkshire.

Protection of employment

From the Chairman, External Relations Committee, The Union of Independent Companies

Sir,—Your report (July 26) on the debate regarding the Order raising the qualifying period for making a complaint under the Protection of Employment Act from 26 to 52 weeks quoted Lord McCarthy as accusing the Government of pandering to the ignorance of small business men. Let me assure the noble Lord that it isn't just small business men who have to expend far too much time and energy dealing with professional tribunal seekers. Large business men experience the same problem as can be judged from the official figures showing some 70 per cent of cases as being dismissed. This omits all reference to those cases which are paid off because it is cheaper.

I would agree that large firms are better equipped to deal with the unreasonable complainer that those running smaller companies, and I assume that it was to the latter that Lord McCarthy was referring. He might equally claim that those approached have not given the Act as a reason for not expanding, but at a time of relatively static production and until recently, excessively high taxation, they were probably not prepared to take the risk relative to the likely benefit.

Now at least the opportunity for frivolous complaint will be reduced but no one would wish those dismissed other than for the recognised grounds to miss out. There might be grounds for raising the level of awards to them.

Charles Simeons,
3 Lincoln Street, SW3.

Mirror Group chairman

From the Chairman and Chief Executive, Mirror Group Newspapers

Sir,—I refer to the report in your newspaper (August 1) concerning my retirement: "Mirror Group chairman to retire at end of year."

My retirement has nothing whatever to do with the introduction of new technology into Mirror Group Newspapers. The reason for my retirement is clearly given in the statement issued yesterday by Sir Alex Jarratt, chairman of Reed International, which clearly stated: "When appointed chairman in 1977, Mr. Roberts indicated his wish to retire no later than the age of 60 and December 31, 1979, is the most appropriate date."

Percy C. Roberts.
Holborn Circus, EC1.

Management education

From Mr. J. Webb.

Sir,—I am glad that Professor Higgins (July 23) has drawn attention to the plight of UK aspirants to post-graduate courses. I believe his estimate of a reduction of 200 in the number of management students understates the probable outcome—since I can identify a single institution which is losing 30 places for potential managers this year.

It is disturbing that so many people assume—as Michael Dixon implied in his note on "Trouble overseas"—July 7—that the raising of course fees (which was intended to bear on overseas applications) has no effect on UK students. Most people assume that the UK applicant is entitled to a grant as a right but this is not true for the majority of post-graduate courses.

The combined results of raising fees from £120 to £972.50 and the cut in students funding by the research councils and training services agency is making it necessary for the majority of applicants to seek private sponsorship or to fund their own attendance.

We thus have the anomaly of recognising that our managers and engineers are relatively under-qualified in relation to their European counterparts, of recognising that more and more people need re-training/re-educating if this country is to maintain a position anywhere near leadership in times of increasingly rapid technological and social change while at the same time make it increasingly expensive for those who wish to update, extend or complement their initial graduate studies.

As Professor Higgins points out the current actions of funding authorities seemed designed to close the routes into higher education for mature full-time students, professional workers, managers, specialists and other people in responsible employment to return for re-training or refresher courses.

The policy decision that no more than 33 1/3rd per cent of students on any course may be overseas students limits further still the numbers who may enter post-graduate work and these limitations imperil the existence and availability to UK students of a full range of post-graduate study opportunities. Professor Dahrendorf (July 14) set out key points of concern to the academic community and I would like to add a plea that in addition to hoping that we will be spared the disastrous syndrome of import controls, political isolation and academic parochialism, we shall also be spared the economic parochialism of a government department which sees only that part of the foreign currency brought in by the overseas students which forms the course fee and fails to consider the total effect on balance payment on the national scale to which overseas students contribute not only their course fees but also their living expenses and their future goodwill.

J. S. Webb.
33 High Street,
Hampton,
Middlesex.

Real gas interest

From Professor D. Myddelton

Sir,—It is certainly most gratifying to note the large profits again reported by British Gas Corporation. But the Government's recent financing arrangements seem rather strange. According to my calculations, in the seven years since 1972 the real interest rate received by the Government on loans outstanding to British Gas amounts to minus 8¼ per cent a year. May we expect a similar rate of interest when British Gas starts lending to the Government?

D. R. Myddelton,
Cranfield School of Management.
Cranfield,
Bedford.

Wasting time and energy

From Mr. W. Wilson

Sir,—You announced (July 27) the publication of the Department of Energy Paper No. 35 which reportedly pronounces favourably on the economic and technological virtues of heat power stations after a gestation or study period of five years. The time already spent bodes ill for converting the theory and practice into operational hardware, particularly as it seems that the Central Electricity Generating Board—almost before the ink on the report is dry—is disclaiming any responsibility for taking the matter further.

In fact, the real time already spent covers 10 and 15 years ago when papers—never denied—were making these very points, citing practical cases, while our European neighbours have been using the technique successfully for a very long time.

If I stress the issue of time it is not from a well-based reason to carp but because I see the same lassitude preventing us reaping the benefits so belatedly discovered. The principles really should have been applied 20 years ago to our new towns, as was perfectly possible—I dare say there were 20 such towns in consideration then—and I quote not from hindsight. Construction of the towns and the systems could then have proceeded in parallel without adverse effects or comment. Now—if we do go ahead—protests, planning and insuperable administrative problems will inhibit or halt progress.

Imagine, if you will, the timetable from now on. It might be:

	years
Consideration of report	1? or 2?
Search for experimental application and for future prospects	2
Feasibility study	2
Planning permission — enquiries	2
Design to first stage and appointment of service contractors	3
Construction period (say for 200.000 people housed)	10
	20

These figures are put forward purely as orders of magnitude but I fear are not very far out in total bearing in mind they exclude time spent in Parliamentary consideration, the formulation of appropriate machinery and the appropriation of funds. It will have been observed, in passing, that we will not be afloat in a sea of oil in the year 2000 (20 years ahead) and so the easement in this problem area will be slight. Coal is the self-evident fuel for this kind of development despite the arising difficulties, hazards, expense and pollution.

But the really attractive solution for the future surely is the town-based, well-tried, advanced gas cooled reactor heat/power station. After all, we ought to save uranium if we can, just as we should any other irreplaceable resource. And, it might be thought, if we are to have delay we might just as well fit in a modern prime mover and get all the protests and difficulties over in one fell—if lengthy—swoop.

W. L. Wilson.
Oakwood, 34 Chestnut Avenue,
Chorleywood, Herts.

Tax relief review

From Mr. C. Beattie. QC

Sir,—Elinor Goodman suggests (page 1, July 30) that the Government may be considering removing tax relief on insurance premiums, at an Exchequer saving of £260m per annum. I suggest that tax relief might be removed not only on insurance premiums but also on the funds of tax-free institutions, leading to an Exchequer saving of perhaps ten times the above figure. This would remove the tax bias towards saving in a particular form, which is channelling enormous sums into the hands of institutions instead of leaving individuals free to invest savings in ways of their own choosing.

C. N. Beattie, QC.
24, Old Buildings,
Lincoln's Inn, WC2.

London's theatre stagnation

From Mr. R. Wilson

Sir,—One could not help but be irritated by the complacency of John Lloyd's account (July 28) of the economics of the West End theatre. With the London stage currently dominated by fatigued sex comedies and anodyne transatlantic musicals, it is patent that the real casualty of the Exchequer's parsimony has been the quality of production.

Your writer seemed to have gained no sense of the urgency of the crisis afflicting our country's performing arts. Had he done he would not have contented himself with the superficial details of how the subsidised companies find difficulty making ends meet, but would have looked at the way in which the creative vitality of one of our prime foreign currency attractions is being strangled. This is not only a matter of the veto of "experimental" plays by timid managements, though it does involve the banishment from the West End of all serious drama that does not have coterie appeal, and the chaining of the classical repertoire to the "A" Level syllabus. Nor is it simply the problem of cash starvation that is destroying London's recently thriving small opera groups. It is a question of a whole philosophy of "playing safe" having frustrated the talents of all but a handful of an entire generation of young actors, writers, composers, directors and designers.

The drastic economies of the last few years have ensured that the same predictable works are endlessly revived by the same producers using the same artists again and again. Much has been written lately about the effects of atrophy in the academic profession. In the arts the impact is even more damaging. In stage design, for example, the British profession is now more or less exclusively confined to a circle of half a dozen tried and proven, prestigious names, and the thwarting of fresh talent will have disastrous consequences in the long term. Indeed, the staleness of design is already a notorious feature of the Royal Opera House, and the same professional stagnation accounts for the lameness of so much of Britain's opera production.

It has become a fashionable academic game to speculate how Keynes would have altered his opinions to suit the world's changed economic climate. On the question of "the duty of the public Exchequer to support and encourage the civilising arts of life," as he put it, we may be reasonably sure the founding father of the Arts Council would never have changed his views. What he said in his famous broadcast of 1945, when he spoke of the responsibility of Government to "give courage, confidence and opportunity" to the artist to "enlarge our sensibility," the emphasis that he placed on the need for "serious and fine entertainment," would seem more relevant than ever today. Nor surely would Keynes have compromised his conviction that, even in the most severe financial hardship, "there are such things as false economies in knowledge and the civilising arts, which in fact use up an infinitesimal quantity of materials in relation to their importance in the national life and the comfort they can give to the individual spirit." Without doubt he would have added his name to the efforts of those who are campaigning for a more positive policy for the arts on the part of the Treasury, motivated by his belief that the economists are, "if not the custodians of civilisation, the custodians of the possibility of civilisation."

R. F. Wilson,
Department of English Literature,
School of English,
University of Lancaster,
Lancaster.

Today's Events

GENERAL

UK: Meeting of unofficial strikers at Mersey docks.

Mr. John Moore, Parliamentary Under Secretary of State for Energy, visits Derbyshire open-cast coal projects.

Last day of Euro-Japanese Exchange Foundation seminar "European Business Climate for Japanese Enterprises," Lane End, High Wycombe.

Overseas: The Commonwealth Heads of Government Conference continues in Lusaka—Zimbabwe Rhodesia debate.

Iranian national elections.

King Olav of Norway on visit to Isle of Man.

Sir Kenneth Cork, Lord Mayor of London, in Penang.

Romanian Foreign Minister continues visit to Paris.

Chinese agricultural delegation touring West Germany.

COMPANY RESULTS

Final dividends: Belhaven Brewery Group. Cray Electronics. Helical Bar. M.L. Holdings. Owen and Robinson. Smith Whitworth.

COMPANY MEETINGS

Brickhouse Dudley, 225 Hagley Road, Edgbaston, Birmingham, 12. British Benzol Carbonising, Great Eastern Hotel, EC, 12. Evans of Leeds, Queens Hotel, Leeds, 12. Ferguson Industrial Holdings, Appleby Castle, Cumbria, 11.30. Imperial Continental Gas, Winchester House, EC, 11.30. Robert Jenkins, Wortley Road, Rotherham, 12. Marler Estates, Hyde Park Hotel, SW, 11.30. Property Partnerships, Hotel Norwich, Norwich, 12. Tecalemit, Winchester House, EC, 12. J. Woodhead, Parkway Hotel, Leeds, 2.30.

Tricentrol profit tops £7.2m for first half

SECOND quarter profits before tax of **Tricentrol** showed an improvement from £3.25m to £4.02m to make £7.22m for the six months ended June 30, 1979 compared with £4.34m in the same period last year.

However the directors say the first half profit was depressed by the strength of the pound against the dollar which not only affected North America results but also reduced revenue from the Thistle Field which is earned in dollars.

Following expectations at the time of the recent rights issue of an 8p gross total dividend for the current year, the directors are now declaring an interim of 2.8p net, *equal to 4p gross. Last year*, the net total dividend of 1.675p included an interim of 0.8375p.

	1979 £000	1978 £000
Turnover	94,691	71,167
UK oil and gas	11,935	71,176
N. American oil and gas	4,565	3,939
UK automotive	54,726	41,125
UK trading	18,752	16,229
Europe trading	3,594	4,299
Australia trading	246	218
Canada trading	873	1,353
Trading profit	7,642	4,843
UK oil and gas	4,329	1,865
N. American	1,534	1,244
UK automotive	1,897	1,411
UK trading	343	572
Europe loss	494	187
Australia	32	19
Canada trading	7	*79
Research expend.	20	101
Central costs	394	287
Interest payable	359	178
Interest receivable	361	143
Operating profit	7,230	4,420
Exceptional items	12	83
Profit before tax	7,218	4,337
Deferred tax	3,184	840
Net profit	4,034	3,497
Interim dividend	1,390	329
Retentions	2,644	3,168

* Loss.

The first half saw a significant increase in the rate of deferred tax charge for PRT compared with the first six months last year. The higher PRT rates and rise in oil prices has greatly increased the anticipated rate of PRT to turnover on the Thistle Field, the directors say.

Thistle Field produced 13.71m barrels of oil in the first six months and Tricentrol's share was 1.32m barrels giving a pre-tax profit of £4.33m.

Crude sales on Tricentrol's account totalled 1.96m barrels giving a cash income of £16.96m. A total of 15 development wells had been completed by July 26, of which ten were available for production.

In Canada, the group participated in drilling 23 wells resulting in six oil wells, 12 gas wells and five being abandoned. In the U.S., the company drilled 24 prospects of which eight were successful gas completions, three successful oil completions and 13 abandoned.

In UK commercial activities, the main contribution to the overall result came from the car and truck businesses which took full advantage of booming markets. The travel group's results were close to budget being offset by coach business figures.

Tricentrol Builders' Merchants reported satisfactory profits but Tricentrol Trading's disappointing run continued.

Some 25 per cent of the pre-tax losses incurred in Europe related to future business development activities and directors will be continuing with at least this level of development effort during the rest of the year.

In Australian manufacturing, the latter part of the second quarter saw increasing industrial unrest and June sales were down on expectations. Despite these factors sales and profit for the half year were up 35 per cent and 140 per cent respectively on the same period last year.

Canada trading was satisfactory and shows a considerable improvement over 1978.

● comment

Compared with pre-tax profits of £3.2m in the first quarter, Tricentrol's second quarter profits are up by 25 per cent at £4m. They would have been considerably higher were it not for continued production problems in the Thistle Field and adverse exchange rate movements which cost the group around £1.5m. Tricentrol's share of the Thistle production fell by close to a fifth betwen the first and second quarters but as prices are roughly two-thirds higher than they were a year ago the shortfall is no real embarrassment. Against a June low of 66,000 barrels per day. Tricentrol reckons that Thistle production is now picking up and should average over 80,000 b/d in the second half. This means that full year pre-tax profits should rise from £8m to £17m. At 226p the shares sell on 13 times earnings and yield 3.5 per cent.

HIGHLIGHTS

The Lex column takes a look at two of yesterday's company news stories. **Reed International** continues its steady recovery, and a big fall in finance charges and tax gears up the earnings advance. In contrast **Hoover** is still making losses in the second quarter, although there are hopes of some improvement in the remainder of the year. Elswhere *Lex briefly takes a look at the unexpectedly-large rise in the* UK reserves during July and sets out the arguments for and against the Stock Exchange call for some favourable tax treatments for private investors in ordinary shares. Other companies of note reporting yesterday include **Tricentrol** and Rentokil.

Reed's net profit soars 81% in first quarter

PRE-TAX profits of Reed International climbed by 23 per cent in the first quarter from £21.5m to £26.5m, aided by a sharp decline in interest payments.

These totalled only £4.1m against £8.7m in the same period of last year and Sir Alex Jarratt, the chairman, told yesterday's annual meeting that this reduction would continue to have an important effect.

Attributable profits improved by 81 per cent from £9.9m to £17.9m, reflecting tax relief on Reed's higher levels of capital spending and its ability to offset previous years' losses, especially in Canada.

Earnings per share totalled 16p, against 8.8p. For the whole of its last financial year to March 31, they were 38p.

Sir Alex pointed out that in the comparable April-June quarter of 1978, the group still owned its Australian and South African ventures and was involved with the joint ventures in Canada. Other companies had also been sold since then.

As a result, sales in the latest period eased from £397.9m to £371.7m. The overseas component dropped from £161.9m to £105.1m, while UK and export sales rose from £236m to £266.6m.

Having carried out its asset disposals and tightened up its *operations generally*, "the company as you see it today is effectively the company as it is going to be," Sir Alex told shareholders.

"We now have the benefit of a slimmer and more effective company and a high degree of liquidity," he said.

Asked by a shareholder if Reed planned to dispose of any more assets, he replied: "There is no question of any further major surgery—what we want now is a very good development of what is left of the body."

He said in his main speech that the remaining businesses in *Canada, following the sale of* half its assets there, had undergone "a remarkable recovery." This applied especially to the pulp and paper mills in Quebec and Dryden.

Freddie Mansfield

Sir Alex Jarratt, chairman of Reed International.

Reed Paper, the Canadian subsidiary which has just reported first half earnings of C$11.8m compared with a near C$7m loss in the same period of 1978, was now in a strong financial position. It could look after itself in terms of earning capability and cash requirements.

He reaffirmed Reed's determination "only to consider selling this investment on terms which fully reflect its value." After the meeting, he said there were no current talks about a sale; the group called off its previous negotiations this February as the Canadian company announced *sharply* improved results.

As well as the asset trimming operation, Reed had also achieved a large reduction in its debt-equity ratio, from 211 per cent 15 months ago to close on 50 per cent, Sir Alex said.

"The pressure for any further reduction in the actual quantity of our debt has now effectively been removed." The group had *managed, in large part, to over*come the mis-match between overseas assets and liabilities which had caused serious currency losses in the past.

The amount of cash and unused bank facilities available to the group had now risen to £230m, split almost equally between cash and unused facilities and between the UK and overseas. Last year, the figure was £170m, he noted.

Sir Alex told shareholders that Reed intended to achieve its planned higher spending levels, even if the market deteriorated in the future. In the annual report, he said the Board hoped to raise the overall level more into line with depreciation in current cost terms.

	3 months 1979	1978
Sales	371.7	397.9
UK and Exports	266.6	236.0
Overseas	105.1	161.9
Trading profit	30.1	29.1
Share of Assocs.	0.5	1.1
Operating profit	30.6	30.2
UK	21.7	22.6
Overseas	8.9	7.6
Interest	4.1	8.7
Pre-tax profit	26.5	21.5
Tax†	8.3	10.4
Net profit	18.2	11.1
Minorities	0.3	1.2
Attributable	17.9	9.9
Earnings per ordinary share of £1 for 3 months ended 30th June	16.0p	8.8p
for 12 months ended 31st March 1979		38.0p

† Calculated on the basis of SSAP15 and comparatives restated.

See Lex

Hoover £0.98m loss midway

LOSSES continued in the second quarter of 1979 for Hoover and a pre-tax deficit of £981,000 was *incurred in the six months* to June 30, compared with profits of £3.82m.

The result includes losses of £1.62m, against a £926,000 profit on translation of liabilities and current assets in overseas currencies. Also included is £146,000 (£509,000) profit in respect of the group's share of trading profit of Hoover (Holland).

Although group sales for the six months reached £103.55m, an increase of 9 per cent over last year, trading profit was only £636,000 against £2.89m.

In addition to redundancy costs of £850,000 in the first quarter, further redundancies took place in the second quarter which gave rise to costs of £750,000, charged in arriving at trading profit.

Sales in the UK, assisted by pre-Budget buying, showed an increase. In several overseas markets, especially in Australia, trading conditions were difficult and the increase in the value of sterling reduced profit margins on UK manufactured products sold overseas.

The implementation of cost reduction programmes continues in all areas of the group, the directors say. Some improvement in profit levels is expected in the second half as benefits take effect.

There is a 9p loss per share against 14p earnings but the interim dividend is maintained at 5.61p. The total last year of 12p was paid from pre-tax profits of £5.3m.

	Six months 1979 £000	1978 £000
Sales	103,551	95,101
Loss before tax	981	*3,823
UK tax	670	721
Overseas tax	123	225
Hoover (Holland)	65	141
Net loss	1,839	*2,738
Dividends	1,114	1,114

* Profit.

See Lex

YORKS. SPINNERS CHIEF RESIGNS

Policy differences have led to the resignation of Mr. George Verity as chairman of Yorkshire *Fine Woollen Spinners*. The disagreements with the joint managing directors, Mr. Anthony Sykes and Mr. John Greenwood, concerned the allocation of cash resources between subsidiaries.

No decision has yet been made on who the new chairman will be.

Record £2.3m for P. Black

PROFITS BEFORE tax of **Peter Black Holdings**, footwear and travel goods maker, improved from £942,000 to £1.1m in the *second six months ended April* 30, 1979, giving a full year total up from £1.94m to a record £2.28m. Turnover rose by £3.93m to £26.59m.

After a tax charge of £676,538, compared with a £46 credit, net profits declined from £1.94m to £1.61m.

Stated yearly earnings per 25p share fell from 48.41p to 40.13p, but the net dividend total is lifted by 20 per cent to 7.7p (6.42p) with a 5.638p final. A one-for-one scrip issue is also proposed.

Dividends absorb £308,000 (£256,800).

● comment

The year-end figures from Peter Black show steady growth in both turnover and pre-tax profits, the latter is up by 18 per cent. This can be attributed to slightly improved margins and to continued strong retail sales in footwear, the group's major interest. The company has the sole marketing rights (except sport shops) for Adidas products, both shoes and sport bags, and this is a plus factor behind the company's growth. It also supplies Marks and Spencer with 25 per cent of its output. The dividend has been raised by 20 per cent and yields 4.8 per cent at 232p—up 7p yesterday. The p/e at this price is 5.7. Peter Black has demonstrated steady growth in turnover and profit for nearly a decade, and though the shares seem fully valued they rate a reasonable hold.

East Lancs. Paper lower so far but prospects look brighter

AS ANTICIPATED 1979 first half results at **East Lancashire Paper Group** showed a downturn before tax. The company says *the prospects for the second half* are brighter, particularly for the paper mill and paper merchants.

Hit by the transport strike in the early months and poor performance by Waldorf Stationery and Greetings Cards, half-time profit fell £93,000 to £615,000 on sales up from *£14.52m to £15.92m*.

However, lower tax of £320,000 (£368,000) and reorganisations of £78,000 last time, left stated earnings per 25p share better at 5.3p, against 4.7p. The net interim dividend is raised to 1.66p (1.509p). For 1978 a 2.176p final was paid from profit of £1.46m (£1.17m).

● comment

One per cent has been trimmed off **East Lancashire's** margins at the interim stage and, while a good order book and higher margins should improve the third quarter, longer-term prospects *must be affected by higher pulp* prices, the inroads being made by imported products and a fall in demand. The group has had a slightly erratic profits record but has been cushioned from the full effects of the paper cycle by its customer base and its other interests. The Waldorf stationery subsidiary is still making a loss, however, so the paper milling and merchanting activities are exposed. Lead-times are only around three to four weeks, with the result that a slide in order levels would have a fast impact. Pencilling in pre-tax profits of £1.5m for the year gives a prospective p/e of five, but the rating is probably supported by Greenbrook's 9.6 per cent stake in the company, which gives an element of bid speculation. The share price of 67p yields 8.9 per cent, slightly below average for a sector where Bowater is yielding 10 per cent.

Viscose turns in £657,600

In the half year ended June 30, 1979, **Viscose Development** has turned in profits slightly lower at £657,600, compared with £685,200, on a turnover of £5.58m (£5.1m).

In June Pricel SA (FRANCE) made an offer for the outstanding capital, and the formal agreement document is expected today. Viscose is not paying an interim this time, against 1.271p and a total of 4.146p in 1978.

After tax £335,000 (£356,000), the half year's net profit was £322,600 (£329,200), and earnings were 9.89p (10.1p).

W. G. Allen ahead to £0.7m and cautiously optimistic

ON TURNOVER ahead from £7m to £7.88m **W. G. Allen and Sons (Tipton)**, the engineering group, lifted taxable profits from £496,272 to £660,590 in the year to March 31 1979. But the directors say that the results could have been significantly better had not the Tipton division lost about one month's output through a pay dispute.

They add that in the current year the group has got off to a reasonable start, if not such a good one as last year. Sales for the first quarter were £1.8m, against £2m and orders outstanding at June 30 stood at £2m (£1.8m).

The Board says that providing the engineering industry remains free from industrial unrest it is cautiously optimistic about the outlook.

The pre-tax surplus was struck after interest of £43,170, compared with £31,626.

Tax takes £286,904 (£63,641) and stated earnings per 25p share are down from 11.42p to 9.98p. The final dividend of 2.16p net lifts the total from an adjusted 2.57p to 2.96p. The interim payment of 0.8p was paid on taxable profits ahead from £180,000 to £279,000.

Attributable profit for the year is down from £425,006 to £371,061.

The directors say that bank borrowings were reduced by £300,000 during the year and stood at £579,000 at the year-end. The group's financial position remains strong with borrowings amounting to about 14 per cent of shareholders' funds of £4.2m.

A further £25,000 cash had been made available for further purchases at the same price of 67½ through the market up to and including August 24.

Thos. Witter static at halfway

Pre-tax profits of **Thomas Witter and Co.** were virtually static for the half-year to May 31, 1979, at £647,163, compared with £637,076. *In the last full year* the surplus surged by some £1m to £1.87m.

Half-yearly sales were £12.6m (£13.02m). Tax took £365,662 (£379,356).

The net interim dividend of the floor and wall covering manufacturer is raised from 0.67p to 0.7p. Last year's total was 3.5113p.

UNITED GAS

United Gas Industries has bought for cancellation £150,000 of 7 per cent debenture stock 1993-97 at 67½, in line with the trust deed. After this, £318,149 of the stock remains outstanding.

Advance to £420,000 for Gnome

THE TOTAL dividend being paid by **Gnome Photographic Products** is being lifted from 2.8375p net to 4.15p after the group increased taxable profits from £315,516 to £419,040 in the year to May 31, 1979.

Second half profits were virtually static, following the midway advance from £153,694 to £251,800.

Turnover for the year was ahead from £1.41m to £1.68m. The after tax profit came out at £208,314, against £154,113, and stated earnings per 10p share are well up from 5.7449p to 8.294p.

Interest and dividends received were up from £55,351 to £85,805, and last time there was an extraordinary credit of £9,720.

Govett European examining possibility of unitisation

Govett European, the investment trust which specialises in European shares, is looking at ways to unitise its assets.

The directors say they have been considering the future of the company following the effective abolition of exchange controls on portfolio investment in the EEC.

Noting the large discount of the shares from their net asset value, they say they favour unitisation. This would give "shareholders who desire this, a *continuing European investment* and those shareholders who do not, a means of realising their investment at a value more closely related to net asset value."

Meanwhile, the trust reports a profit available for Ordinary holders of £477,692 for the year ended June 30, 1979, against £498,692 previously. Earnings per share are stated at 2.39p (2.49p) and net asset value was 76.2p against 88.1p.

A maintained single dividend of 1.8p has already been declared.

Two other investment trusts with a European bias, New Court European and Scottish and Continental, have opted for unitisation in the last couple of years.

Scottish European (39p up 3p), F. and C. Euro (46p up 3p) and Sizewell European (76p up 3p) all showed gains in the stock market following yesterday's news. Govett European itself finished 10p better at 62p.

BRADY INDS.

Included in the results of **Brady Industries** for the year to March 31, 1979, was a £435,758 deferred tax release on stock relief of earlier years. Because of a misprint, the figure appeared as £43,758 yesterday.

	1978-79 £	1977-78 £
Pre-tax profit	409,184	12,125
Taxation	245,100	22,813
Def. tax write back	435,758	—
Net profit	599,842	†9,688
Extraordinary credit	45,044	—
Earnings per share	16.3p	10.4p

† Loss.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
W. G. Allen		2.16	—	1.85*	2.96	2.57
Amber Industrial	int.	1.5	Sept. 14	—	—	0.64
Anglo-Amer. Coal	int.	30§	Oct. 12	24	—	72
J. Austin Steel		4.5	Oct. 15	3.67	7	5.92
Beaumont Props.	int.	1.5‡	Oct. 1	1.17	—	2.87
Peter Black		5.04	Oct. 8	4	7.7	6.42
Bollington Textile		3	—	2.33	3	2.33
Brasway		2	—	1	3	1
East Lancs. Paper	int.	1.66	Sept. 7	1.51	—	3.69
Gnome Photo.		4.15	—	2.84	4.15	2.84
Hales Properties		2.21	Sept. 7	1.7	3.11	2.5
Hoover	int.	5.61	Oct. 11	5.61	—	12
Law Debenture	int.	2	—	1.75	—	5.25
W. E. Norton		0.42†	Oct. 1	0.15*	0.82	0.29*
William Ransom		3.63	Sept. 17	1.97	4.93	3.14
Rentokil	int.	0.85	Nov. 19	0.72	—	1.87
River and Merc.	int.	4	Oct. 1	3.5	—	9.5
River Plate & Gen.	int.	2	Sept. 3	1.75	—	7
W. Sommerville		5.4	—	2.25	6	2.75
Steinberg Grp.		0.78	Oct. 4	0.64	1.1	0.96
Tanjong Tin	int.	2	Sept. 24	2	—	7.5
Tricentrol	int.	2.8†	Nov. 30	0.54	—	1.68
Viscose Devel.	int.	nil	—	1.27	—	4.15
Wearwell		0.8	Nov. 12	nil	1.1	nil
T. Witter	int.	0.7	Oct. 1	0.67	—	3.51

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity. § South African cents.

BIDS AND DEALS

Brentnall Beard sale to Hogg Robinson

BY JOHN MOORE

Brentnall Beard (Holdings), the troubled insurance broker with Lloyd's of London interests, is to dispose of the business of Brentnall Beard and Co., a wholly owned subsidiary, to Hogg Robinson Group, a major Lloyd's broker, in a deal worth £1.6m.

The agreement is subject to the approval of the shareholders of Brentnall Beard (Holdings) and certain investigations being carried out by Hogg Robinson group's auditors, Neville Russell.

Brentnall Beard and Company's operations cover the group's UK general insurance broking and life and pensions business.

Hogg Robinson will be acquiring the client accounts, the 135 staff, and the office base of the company in Shrewsbury.

Hogg Robinson said yesterday that it did not intend to retain the existing name of the company. It believed that the proposed acquisition will further strengthen its domestic broking operations in the UK.

The maximum cash consideration payable is £1.6m less the amount by which the creditors of the business of Brentnall Beard and Company exceed the debtors as at August 31 1979. On the basis of the information currently available to them, the directors of Brentnall Beard (Holdings) estimate that this excess will amount to approximately £500,000.

Net assets and profits before tax of Brentnall Beard and Company for the year to September 30 1978 were £153,876 and £178,370 respectively. Its brokerage for the period amounted to £1.16m.

Two directors of the company are joining Hogg Robinson under the arrangement. They are Mr. A. Cashmore and Mr. Edward Beard.

Brentnall Beard and Co. is not an approved Lloyd's of London broker.

What is left in Brentnall Beard (Holdings) is Brentnall Beard International, the subsidiary which has been the subject of a lengthy Lloyd's inquiry into its trading relationship with the stricken Sasse underwriting syndicate; Rose Thomson Young (Underwriting), agency company, and overseas interests in Canada and Singapore.

Commenting on the present group structure of Brentnall Beard (Holdings) in relation to its Lloyd's interests, Lloyd's said yesterday that "we are not dissatisfied with the solvency position as it now exists."

● A meeting is planned next Wednesday of the 110 members of the Sasse syndicate by Merrett Dixey Syndicates, the manager of the syndicate, to give the members a progress report into various investigations and the audit position. The audit date for the syndicate has been extended again (until August 31) after an approach by Lloyd's to the Department of Trade.

Lindustries turns down Hanson

Lindustries, the engineering and textile group, has spurned the £25m offer from Hanson Trust, the industrial holding company, as unacceptable and is to await the issue of Hanson's formal document before making further comment.

Hanson's offer is 135p cash for each Lindustries' share. It will be subject to the receipt of acceptances in respect of 90 per cent of the 17,499,784 shares or less; but not less than the number required, when added to the shares already owned, to amount to over 50 per cent.

Former Berwick Timpo chief fights for return to board

BY JAMES BARTHOLOMEW

The row at Berwick Timpo, the toy company, has come to a head with Mr. Torquil Norman, the former chief executive, leading a group of interests in requisitioning an extraordinary general meeting to consider changing the board.

At the same time, one of his supporters, the Caparo Group, has bought more shares in Berwick, taking the holding of Caparo, Mr. Norman, Charterhouse Japhet and others acting together beyond 30 per cent and thus triggering an obligatory take-over bid under the Take-over Code.

The Berwick Timpo board has unanimously rejected the bid price of 75p per share as "derisory"—something which the Norman party does not dispute. Mr. Norman's party does not expect the bid to succeed, claiming that the offer is merely a by-product of buying the extra shares to enforce the boardroom changes.

The proposed changes are the appointment of Mr. Norman and Mr. J. M. G. Andrews and the removal of Mr. J. A. Stitt, Mr. A. Hill and Mr. John Oakley, the chairman.

Mr. Norman was the guiding light of Berwick for many years before he resigned in May. The nature of the disagreement between him and others on the Board is still not clear.

Mr. Oakley said yesterday that there had been a disagreement on management style. Mr. Oakley had become dissatisfied with the performance of the company—in particular the narrowing of its gross profit margin from 13.9 per cent in 1974 to 8 per cent in 1978.

Mr. Oakley complained to Mr. Norman about this and Mr. Norman agreed to a new arrangement whereby the two men became joint managing directors, says Mr. Oakley. But only two months later he resigned and quickly mounted the present campaign to get back on the Board.

Mr. Oakley found it mystifying why Mr. Norman should voluntarily resign from the Board only to try and get back on it again. He wondered whether the emergence of the bid, albeit obligatory under the Code, gave some clue to what was really going on.

Mr. Norman's supporters refuse to talk about the nature of the original row at present but claim that Mr. Norman made Berwick Timpo what it is and that many of the shareholders want him back in charge.

The major members of the group are Mr. Norman himself, Charterhouse Japhet and Caparo. Hill Samuel is advising Berwick Timpo.

Berwick Timpo shares rose 9p to 77p yesterday.

VIEW FORTH

The scheme of amalgamation between View Forth Investment Trust and Crescent Reserves has been approved by shareholders.

Accordingly, View Forth has been placed in members' voluntary liquidation and the scheme will now be put into effect. The Stock Exchange has been requested to withdraw the listing for the shares of View Forth.

An announcement of the number of units in Crescent Reserves to be issued under the scheme will be made on August 8.

BLYTH GREENE IN FINANCE TALKS

John Swire, the overseas trading group, is having discussions with Blyth, Greene, Jourdain about raising its 30 per cent stake in the unquoted company. Details are still being worked out, said Mr. John Swire, the chairman, who declined further comment.

Blyth, also a trading concern, said arrangements were being finalised with Swire "for the provision of substantial additional finance by way of equity." This would enable Blyth to repay certain loans and overdrafts, so bringing borrowings and shareholders' funds into a more acceptable relationship.

There will also be a limited opportunity for any Blyth shareholders wishing to reduce their holding.

Further details, along with the 1978 annual report, will go out in the next few weeks. In 1977, Blyth's pre-tax profit rose 28 per cent to £1.3m.

WADHAM BUYS COOMBS OFFSHOOT

Wadham Stringer has bought Coombs Commercial (Guildford) a subsidiary of Coombs and Son (Guildford). The acquisition will give Wadham Stringer sole representation rights for BL cars in the city.

The net asset value of the acquired company is about £400,000 and the consideration will be a cash payment, equivalent to the net assets, with an issue of 350,000 Wadham Stringer ordinary 10p shares.

JOHN BROWN

The British Railways Board as trustees to various railway pension funds has acquired £1.04m ordinary stock (5.0704 per cent) in John Brown and Co. Holdings are registered in the names of Network Nominees and Junction Nominees.

NO PROBES

These mergers are not to be referred to the Monopolies Commission, PMA Holdings/Harris Lebus. Alfred Dunhill a substantial minority holding (29.9 per cent) in Asprey and Co. Pentos/Caplan Profile Group. W. L. Pawson and Son/ Silhouette (London). Wolseley-Hughes/John James Group of Companies.

SELINCOURT

Selincourt, the textile and garment manufacture, has bought from Roche Mills (Leicester) a factory in Leicester as a fully operational unit producing fashion knitwear. The payment was £294,000 cash.

The factory forms part of A. MacDougall, Selincourt's Scottish knitwear subsidiary.

HILLARDS

Hillards has acquired around two acres of freehold land adjacent to the company's head office in Gomersal, Cleckheaton, West Yorkshire, for £18,600, being satisfied by the issue of 5,668 ordinary shares.

CORAL LEISURE

Coral Leisure Group has acquired the outstanding balance of 1.1 per cent in Holiday Club SA, of Luxembourg, a subsidiary of Pontins.

The consideration was of 23,000 ordinary 10p shares in Coral Leisure, credited as fully paid.

BARTON & SONS

Barton and Sons, the tube manufacturer and engineer, has set up a West German company —Barton and Sons GmbH, based in Essen. The new concern will take over the marketing of iron shot and grit.

MINING NEWS

Hamersley still ahead at half-way, but . . .

BY KENNETH MARSTON, MINING EDITOR

EARNINGS OF the Rio Tinto-Zinc group's big Hamersley Holdings iron ore producer in Western Australia were still well ahead at the half-way stage despite the close-down on May 24 which resulted from the continuing labour strike.

After deducting A$11.4m (£5.7m) accelerated depreciation for the pellet plant which is to be closed for want of orders, earnings for the first half of this year come out at A$15.1m against A$11m in the same period of 1978.

The latest figures have been helped by the absence of tax liability (A$10.5m a year ago) as a result of investment allowances relating to capital expenditure. The interim dividend, however, is reduced to 3 cents from 4 cents in 1978 when the subsequent final was 5 cents.

Hamersley's good performance —net sales revenue amounted to A$184.3m against A$170.5m in first half 1978—has reflected sharply higher sales before the strike, slightly higher average prices for iron ore and a more favourable Australian exchange rate with the U.S. dollar; iron ore contracts with Japan are written in the latter currency.

As far as the outlook for the rest of this year is concerned, much may depend on what happens today when a new wage proposal, which will include a procedure for future dispute settlement, is put to the employees. The deal has been agreed with the unions who are to recommend a return to work.

However, Hamersley warns that even with a prompt return to work it will be some time before full production is reached. The terms of the settlement will also have a bearing on second half results, of course, but Hamersley expects the result of the new agreement will "help restore the confidence of its customers in the company and Australia."

Just how far this expectation will be borne out remains to be seen. One of the saddest features about the Australian mining scene in general, and the Western Australian iron ore industry in particular, is its poor labour relations. So far, there are little signs of any real improvement.

Hampton Areas' rising income

ANOTHER GOOD year looks to be shaping up for Hampton Gold Mining Areas. Of the company's two major sources of income, royalties received on part of Western Mining's nickel production at Kambalda in Western Australia continue to rise.

In his statement with the annual report the Hampton Areas chairman, Mr. J. R. Ley, points out that although royalty income rose to £515,669 in the year to last March, the full benefit of the nickel price recovery was not obtained in that period because royalties are paid some four months in arrears.

Because of the sharp recovery in royalties in the wake of the improving nickel price, Hampton Areas recently dropped its proposals to sell the royalty rights to Australia's Colonial Mutual Life Assurance Society in return for a cash payment and a cancellation of the latter's 26.23 per cent shareholding in Hampton Areas.

The other main income source, Wultex Machine, was acquired in July, 1978, and contributed profits of £718,000 in the eight months to March 31. A full year's earnings from Wultex will thus come into Hampton Areas' accounts for 1979-80, although benefits of the former's expansion of capacity may not be seen until the following year.

Meanwhile the 50 per cent-owned small lead mine in Western Australia, which has a life prospect of three years or so, is expected to come into production during the current quarter. Shares of Hampton Areas were 184p yesterday.

GOPENG GROUP TIN OUTPUTS

The Malaysian tin producer, Gopeng Consolidated, sustained its recent high level of output in July when production totalled 157¼ tonnes of tin concentrates. This brings the total for the ten months to date to 1,599 tonnes compared with 1,394 tonnes in the same period of last year.

Production at Idris and Pengkalen is also running well ahead of the comparable period of last year. Idris's 7 months total is 157 tonnes against 122¼ tonnes last year, while Pengkalen's total for the last ten months amounts to 187¼ tonnes against 87¼ tonnes in the same period last year.

On the other hand, Tanjong has fared less well; in the seven months to date production totals 108¾ tonnes compared with last year's 122¼ tonnes. The company also announces an unchanged first interim dividend of 2p, for 1979. For last year there were three dividends amounting to 7.5p.

Amcoal on the rising trail

EARNINGS of South Africa's Anglo American Coal Corporation remain firmly on the rising trail. For the half year to June 30 they amount to R32m (£16.9m), equal to 136.3 cents per share. This compares with R25.8m in the same period of 1978 and that year's total of R52.7m.

In addition, a profit of R950,000 has been made on a sale of chrome assets which has been transferred to non-distributable reserves.

Amcoal is lifting its interim to 30 cents from 24 cents last time when there was a final of 48 cents. The latest payment is covered 4.5 times by earnings—similar to that of a year ago—and the group states that total 1979 earnings should show an increase "at least equal to that experienced in the first half of the year."

Coal and coke sales in the past half year rose to 15.8m tonnes and 243,000 tonnes, respectively, from 12.7m tonnes and 217,000 tonnes in first half 1978.

It is stated that the potential of South Africa's newly expanded Richards Bay coal export terminal is greater than the design capacity of 20m tonnes. It has thus been agreed to raise the annual export rate to 24m tonnes and Amcoal will take up its share of the increased quota. As with other South African coal producers, the major part of Amcoal's sales go to the domestic market. The prospect of increasing the percentage sold to the much more profitable export market as a result of the Richards Bay expansion should have an important gearing effect on the group's earnings which are already in a rising phase. Furthermore the total coal reserves of the Amcoal collieries are massive; planned output for this year is over 30m tonnes while the group could be eventually mining some 100m tonnes of coal a year. At 825p the shares yield 4.6 per cent on last year's 3.1 times covered dividend. The modest yield, for a South African issue, is a measure of the anticipations of the group's earning potential in an energy-hungry world which is still wary of nuclear power.

Rio Algom holds profit

DESPITE a higher effective rate of tax, half year net earnings of the Rio Tinto-Zinc group's Canadian Rio Algom are virtually maintained at C$27.1m (£10.2m), or C$1.99 per share, against C$27.9mb a year ago.

Recently the group warned of "a significant adverse impact" on first half earnings if Tennessee Valley Authority persisted in its failure to meet the terms of a uranium contract; a payment to Rio Algom of U.S.$22.7m was due on July 22 and is in dispute.

Commenting on its first half results, Rio Algom say that uranium earnings declined primarily because of provisions for the possible effect on revenue of the TVA action (which is to void the whole 20-year contract).

However, the fall in uranium profits has been offset by higher income from the copper-molybdenum Lornex mine and better earnings by Atlas Steels.

Rio Algom is 44.82 per cent-owned by Preston Mines which, in turn, is 81 per cent owned by RTZ. Rio Algom and Preston state that they are considering an amalgamation, effective at the end of this year, which would give operational efficiencies and tax benefits.

ROUND-UP

The South African General Mining's group's Sentrust mining investment subsidiary has decided not to go ahead with the rights issue that was contemplated in December. Net income for the year to June 30 has risen to R8.1m (£4.3m) from R6.1m in 1977-78. As already announced, dividends for the past year totalled 38 cents against 30 cents.

★ ★ ★

Australia's Endeavour Resources says that it expects soon to reveal the name of its major mining company partner in the large, but low grade, copper-gold projects in Sulawesi, Indonesia. Meanwhile, assays are awaited of two mineralised zones found by the first shallow drillhole put down by the Endeavour - Newmont - ICI - Mallina gold and copper search at Mount Clement in Western Australia.

★ ★ ★

South Africa's Afrikander Lease points out in its interim report that the first royalty will be received at the end of December 1980, from Vaal Reef's which is to start mining the company's uranium-gold leases at the end of this year.

MINING BRIEFS

CLYDESDALE (TRANSVAAL) COLLIERIES—Quarter to 30/6/79: Income R2,054,000 (prev. quarter R2,111,000). Net income R1,513,000 (R1,480,000). Cap. exp. R1,963,000 (R1,430,000).

PETALING TIN—Output of tin-ore for July 124.56 tonnes (June 175.5 tonnes).

TRANS-NATAL COAL—Quarter ended 30/6/79: Income R9,090,000 (prev. quarter R10,389,000). Net income R6,629,000 (R6,189,000). Cap. exp. R3,153,000 (R8,237,000).

Hales Props. increases to £385,000

Taxable profits of Hales Properties rose from £278,470 to £385,029 in the year to March 31, 1979, on turnover £884,700, against £949,079.

At midway, the surplus was ahead to £155,335 (£131,410), and the directors said full-year results would show an improvement.

Tax for the year took £199,583 (£143,954).

The net total dividend per 25p share is increased from 2.4979p to 3.1066p, with a 2.2073p final. Earnings are shown higher at 9.85p (7.15p).

Phillips Patents repays pref.

Phillips Patents (Holdings) is proposing to repay and cancel the whole of its preference capital, which consists of 240,000 7½ per cent preference, on the basis of 75p cash per share.

The Board says the proposed payment takes account of the accumulated arrears of dividends on the preference, amounting to 15.75p, which will not be paid if the repayment proceeds. It also takes account of the Board's view that no arrears of preference dividend would in any event be able to be paid this year.

RESULTS AND ACCOUNTS IN BRIEF

RIVER PLATE AND GENERAL INVESTMENT TRUST—Gross revenue half year to June 30, 1979, £606,971 (£524,898). Tax £158,651 (£144,967). Net asset value 225.18p (197.22p) per share. Interim dividend 2p (1.75p) and present indications are that there should be some increase in final—last year 5.25p.

BOLLINGTON TEXTILE PRINTERS—Dividend 3p year to March 31, 1979 (2.33p). Profit £89,231 (£81,106), before tax £50,594 (£39,113).

LOOKERS—The interim dividend of 1.4p, already announced, is confirmed, payable September 28.

LONDON AND GARTMORE INVESTMENT TRUST—Dividend 0.75p (0.5p) and special dividend nil (0.5p) year to June 30, 1979. Pay October 11. Net revenue £30,974 (£60,956) after tax of £19,057 (£27,985). Stated earnings per 50p share 0.75p (1.43p). Net asset value [illegible] ([illegible]). Gross revenue was [illegible].

MIDLAND [illegible]—[illegible] after all charges including tax [illegible] (£220,367). Tax £[illegible] ([illegible]). Stated earnings per 25p share 6.18p (5.2p). Net asset value [illegible]. Final 3.325p making 5.335p (4.40[illegible]). Pay September 28.

STERLING TRUST—Gross income £1.13m (£1.03m) for half-year to June 30, 1979. Pre-tax revenue £[illegible] (£841,685). Net asset value per 25p share 238.9p (241.9p). Interim dividend of 2.5p (2.2p) already paid.

REPORTS TO MEETINGS

Margins squeeze at MK Electric

A WARNING of a squeeze on profit margins of M.K. Electric Holdings was given yesterday by Mr. David Robertson, the chairman, at the annual meeting.

He said this year it looked as if profit margins would be squeezed by the pressure of rising costs, and as a result progress would slow down.

Mr. Robertson recalled that in June, he commented that so far the current year had started well and that demand seemed to be continuing strongly.

Since that time there had been increasing evidence of a modest recession in business throughout the world and M.K. was beginning to notice the effects of this in its order books.

The first six months of M.K.'s financial year were usually less profitable than the second, with August being the slackest month, the chairman said. He therefore felt justified in the need for caution in assessing the group's current year prospects.

CHLORIDE

The strength of sterling had made business more difficult but Chloride was still on course, said Sir Geoffrey Hawkings, the chairman. There was no need to revise his forecast of profits growth made in the annual report.

On dividend policy he said he thought the current level of cover was about right.

Mr. John Ray, the chief executive, said the oil scarcity would benefit the company. Battery-powered fork lift trucks would still keep going after the oil had run out and battery-powered cars were becoming ever more viable.

Dr. Maurice Gillibrand, an ex-director of research at Chloride, urged the company to take maximum advantage of the oil scarcity. His request for data on Chloride's experimental battery for cars was refused because it might help competitors.

ANDERSON STRATHCLYDE

Mr. T. R. Thorpe, the chairman of Anderson Strathclyde said a loss in turnover was anticipated because of an industrial dispute at its Motherwell factory. But it was not yet possible to quantify the effect on profitability, particularly for the first half of the year. However, he reported a good order book and expressed confidence in the future.

BRENT CHEMICALS

In the current year at Brent Chemicals International, management accounts showed satisfactory progress was being maintained, Mr. J. S. M. Jones, the chairman, stated.

VALOR

Turnover and order books at Valor, gas appliances group, in the first four months, showed remarkable strength and were "up to my very best expectations," Mr. M. Montague, chairman, said. The group remained confident of exceeding its record £2.6m profit.

Moran holders approve

Shareholders of Christopher Moran Group, the insurance broker with Lloyd's of London interests, approved the appointment of Viscount Hall, of Cynon Valley, as chairman and director of the group.

Mr. James Redgrove, the former chairman of the group who is still a director of the company, opened the meeting "as a matter of courtesy" and welcomed Viscount Hall to the Board. "His wide experience of international finance will benefit the company," he said.

One shareholder asked whether the accounts could be presented in a way which would show the split between the underwriting and broking income.

Replying to the question the group company secretary, Mr. R. W. Hall, said that it was not the group's practice so far to differentiate as they were so inter-related.

One shareholder voted against the adoption of the accounts.

At an extraordinary meeting held immediately after, shareholders approved the acquisition of the 20 per cent minority interest in Moran Gainher, a subsidiary of the Moran Group.

After the meeting Mr. Christopher Moran, group managing director told members of the Press that he had given the fullest co-operation to a Lloyd's of London inquiry, headed by Mr. Paul Dixey, a former chairman of Lloyd's, into the affairs of the group's Lloyd's subsidiary, Christopher Moran and Co.

But Mr. Moran had no comment to make on a separate investigation into the affairs of the company by the City of London Fraud squad.

A near 500-page report by the Fraud Squad was passed over to the office of the Director of Public Prosecutions on Wednesday afternoon.

Nacional Financiera, S.A.

7½% External Loan 1982

Singer & Friedlander Ltd., announce that the redemption instalment of U.S. $900,000 due 1st September 1979 has been met by purchases in the market to the nominal value of U.S. $456,000 and by a drawing of Bonds to the nominal value of U.S. $444,000.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public are as follows:

0743	0890	0992	1123	1377	1522	1608	1778	2504	2628
0744	0891	0993	1124	1390	1523	1611	1779	2505	2629
0745	0892	1002	1125	1391	1534	1612	1792	2526	2646
0746	0893	1003	1126	1392	1535	1622	1795	2527	2650
0747	0894	1004	1174	1393	1536	1630	1797	2528	2651
0748	0895	1005	1175	1401	1537	1631	1802	2529	2652
0749	0911	1006	1176	1402	1538	1632	1803	2530	2653
0750	0912	1007	1177	1403	1539	1633	1838	2531	2654
0751	0924	1008	1178	1425	1540	1642	1840	2532	2655
0752	0925	1009	1179	1426	1542	1646	1841	2533	2656
0753	0927	1010	1180	1427	1543	1647	1845	2534	2657
0754	0928	1011	1287	1428	1544	1648	1846	2535	2658
0755	0929	1012	1288	1429	1545	1649	1847	2554	2659
0756	0930	1013	1289	1430	1546	1650	1848	2555	2660
0757	0931	1014	1293	1431	1547	1691	2350	2561	2666
0758	0932	1015	1294	1432	1548	1692	2358	2562	2667
0760	0933	1016	1324	1433	1549	1693	2359	2565	2681
0764	0935	1017	1325	1434	1550	1694	2360	2566	2682
0765	0936	1018	1326	1444	1551	1695	2361	2567	2683
0766	0939	1019	1327	1445	1552	1696	2362	2569	2684
0767	0940	1020	1328	1470	1555	1697	2363	2570	2685
0769	0941	1021	1329	1472	1556	1711	2364	2585	2687
0770	0952	1022	1330	1473	1558	1712	2365	2586	2708
0771	0953	1023	1331	1474	1561	1713	2377	2587	2712
0772	0954	1024	1332	1475	1562	1717	2384	2588	2713
0773	0959	1025	1333	1476	1569	1719	2399	2604	2714
0774	0962	1042	1334	1477	1570	1720	2423	2605	2715
0775	0963	1043	1335	1478	1578	1721	2429	2610	2720
0776	0964	1044	1336	1479	1579	1722	2430	2611	2721
0777	0965	1045	1337	1480	1580	1742	2431	2612	2722
0778	0966	1046	1341	1481	1581	1743	2434	2613	2723
0779	0976	1051	1342	1501	1587	1744	2435	2614	2724
0869	0977	1052	1343	1502	1588	1745	2486	2615	2725
0870	0978	1057	1344	1503	1589	1747	2487	2616	2736
0871	0979	1058	1345	1504	1590	1748	2488	2617	2737
0872	0980	1059	1346	1512	1591	1749	2489	2618	2748
0873	0981	1060	1347	1513	1592	1750	2490	2619	2749
0874	0984	1061	1348	1514	1593	1751	2496	2620	2759
0875	0985	1062	1349	1515	1594	1759	2497	2621	2760
0876	0986	1063	1350	1516	1595	1760	2498	2622	
0877	0987	1064	1351	1517	1599	1761	2499	2623	
0878	0988	1065	1352	1518	1600	1762	2500	2624	
0879	0989	1119	1353	1519	1605	1763	2501	2625	
0880	0990	1120	1354	1520	1606	1764	2502	2626	
0889	0991	1122	1355	1521	1607	1777	2503	2627	

On the 1st September 1979 there will become payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:– Singer & Friedlander Limited, 20, Cannon Street, London EC4M 6XE or with one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on or after 1st September 1979. Bonds so presented for payment must have attached all coupons maturing subsequent to 1st September 1979.

20, Cannon Street, London EC4M 6XE — 3rd August 1979

NOTICE

The following bonds previously called for redemption have not been presented for payment:

7207	7230	7236	7275	7353	7384	7395	7426	8117
7211	7231	7237	7291	7366	7385	7396	7427	8534
7212	7232	7238	7300	7380	7386	7398	7440	8535
7223	7233	7239	7301	7381	7387	7410	7442	
7224	7234	7272	7319	7382	7388	7411	7443	
7228	7235	7274	7344	7383	7389	7415	7444	

Rentokil moves ahead—forecasts over £12m

FULL-YEAR profits in excess of £12m are forecast by Rentokil, compared with the record £10.59m achieved in 1978.

In the first half profits have risen from £5.05m to £5.81m on turnover ahead to £33.77m (£26.68m).

The net interim dividend is lifted to 0.85p (0.72p)—last year's total was 1.87p.

Taxable profits were split as to: UK £4.13m (£3.26m) and overseas £1.69m (£1.79m). The directors say the fall in overseas profits reflects the strong pound. At constant exchange rates at June 30, overseas profits increased 5.8 per cent, they add.

Turnover comprised UK £19.36m (£15.15m), and overseas £14.41m (£13.53m).

There were extraordinary debits of £992,000 (£286,000 credits) arising on translation into sterling of net assets overseas and liabilities denominated in foreign currencies.

The group, which is a subsidiary of Sophus Berendsen of Denmark, acts as a specialist in timber preservation, pest control, damp proofing, thermal insulation and industrial hygiene.

● comment

Once again, Rentokil has risked an annual forecast at the interim stage and, if past experience is anything to go by, the target should be beaten with something in hand. The home market continues to make most of the running with a 26.7 per cent rise in *profits against just 5.8 per cent,* at constant exchange rates, in *overseas operations.* The U.S. acquisition of May, 1978, Mighty National Exterminators, has yet to do very much more than cover its financing charges but America is seen as a source of potential growth and further acquisitions are planned. The overall projection, conservative though it may prove, has already been largely discounted in the price where at 102p, down 1p yesterday, the maximum prospective p/e is 16.7. Income attractions look somewhat limited since on the basis that Rentokil adopts, say, two and a half times cover on fully taxed earnings, the yield is 3.4 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Scottish United Investors.

Finals: Belhaven Brewery, Cray Electronics, Ferguson Industrial Holdings, Helical Bar, M.L. Holdings, Norton and Wright, Owen and Robinson, Phoenix Timber, Smith Whitworth, Ward and Goldstone.

FUTURE DATES

Interims—	
Ault and Wiborg	Aug. 8
Davies and Metcalfe	Aug. 14
English and Scottish Investors	Aug. 8
Pearl Assurance	Aug. 29
Securicor	Aug. 8
Security Services	Aug 8
Sharpe and Fisher	Aug 30
Ward Holdings	Aug. 24
Finals—	
City of London Brewery	Aug. 8
Gaunt (Rowland)	Aug 10
Hallite	Aug. 9
Hambro Trust	Aug. 7
Impala Platinum	Aug. 13

Brasway on target at £0.46m

Brasway achieved its profits target of £450,000 in the year to April 28, 1979. The iron and steel scrap processor and tube manufacturer continued its recovery with a pre-tax profits advance from £212,991 to £458,282 on turnover well ahead from £7.66m to £12.76m.

The net dividend is being raised from 1p to 3p with a 2p final payment. Last year the group said that the dividend would be fully restored.

In February this year Mr. R. A. Swaby, the chairman, said they were on target for the forecast £450,000 profits, and added that he saw a dramatic growth in the group's fortunes.

Tax for the year was £37,585 (£15,290) leaving the surplus at £420,697 (£197,701). Stated earnings per 10p share have more than doubled from 9.53p to 20.4p.

The dividends absorb £41,544, against £13,848. The chairman intends to waive the final dividend on his holding.

The group is still not back to its record profit level of £856,000 for 1975, when it paid dividends of 1.995p. The following year the company made a loss of £363,000 which deepened in 1977 to £549,000 when the dividend fell to 0.5p.

W. Norton improves in second half

A PICK-UP in profitability by W. E. Norton (Holdings) in the second six months, enabled the machine tool merchant to push pre-tax profits for the year ended March 31, 1979 ahead from £647,000 to a record £749,000. The first-half result had fallen by £54,000 to £231,000.

The Board says the results confirm another year of solid progress, after charging against current earnings, costs of starting up seven new showrooms and offices and increased participation in national exhibitions relating to the launching of new machine tool agencies.

The company's forward order book is at a record level and the Board is confident of further progress.

Turnover for the year under review expanded by £5.5m to £15.55m. Following a change in the treatment of deferred tax, the charge was £30,000 (£21,000) giving stated earnings per share up from a restated 3.28p to 3.6p. With a full 52 per cent charge, earnings would have been 1.8p (1.63p).

A net final dividend of 0.4166p per share effectively raises the *total on increased capital from* an adjusted 0.2901p to 0.8154p, which subject to the change in ACT rate, is in accordance with the forecast at the time of the rights issue in July, 1978. Payments absorb £168,000 (£55,000).

Second half lift takes Austin Steel past £1m

WITH second-half profits rising from £362,479 to £581,682, the pre-tax surplus of James Austin Steel Holdings reached £1.13m in the year to March 31, 1979, compared with £768,504 previously. Turnover was ahead from £10.75m to £14.61m.

The directors of the steel stockholders and structural engineer say the overall outlook presents *an extremely competitive market* unlikely to be generating an increased demand.

At midway, profits were ahead to £545,002 (£406,025), and the directors hoped for a good second-half result.

They now say the steel division achieved a substantial increase in turnover on which the profit margins were maintained. Exports are satisfactory, while *home demand remains reasonable.* But the higher market prices will make the holding of present profit margins more difficult.

The engineering division experienced a large increase in output which resulted in a small contribution to profits.

The net total dividend is stepped up from 5.92p to 7p, with a 4.5p final. A one-for-two *scrip issue is also proposed.*

The tax charge of £467,339 (£394,716) is after crediting £119,000 release of deferred tax relating to stock relief claimed in the year to March 31, 1975. Earnings per 25p share are given as 21.98p (12.46p), and 18.01p before the credit.

	1978-79 £	1977-78 £
Turnover	14,612,321	10,752,876
Trading profit	1,059,058	724,856
Interest received	67,626	43,649
Profit before tax	1,126,684	768,504
Tax	467,339	394,716
Net profit	659,345	373,788
Dividends	210,000	177,600
Retained	449,345	196,188

● comment

James Austin has lunged forward with a 47 per cent rise in pre-tax profits for the year to March, but this increase should be examined closely. Turnover was up by 36 per cent, but much of *the recorded pre-tax gain could* have come from stock profits. The figures are good, but are certainly lower than the 1975 peak of nearly £1.5m in earnings. The strength of sterling must be of concern to the group since exports account for some 25-30 per cent of its activities and a constant level of UK sales volume may not be enough of a hedge against pressures on *exports. The group may be* vulnerable to bids as well, since it is becoming increasingly clear that a general rationalisation programme is needed in the steel industry. But the 1979 dividend has been put up by 18 per cent to yield 8 per cent at yesterday's price of 128p, up 5p. This is covered two-and-a-half times. The p/e stands at 6.9. Shareholders should look carefully at James Austin, remembering that its latest impressive performance has not been the rule.

William Ransom profit up

From *maintained* turnover of £2.55m, profits before tax of William Ranson and Son, manufacturing chemist, improved to £688,826 in the year ended March 31, 1979 compared with £629,379 previously.

Tax takes £356,394 (£346,715) giving earnings per share of 22.17p against 18.84p. The final dividend is 3.63p raising the total from 3.1363p to 4.927p.

The new accounting policy for tax has been adopted and comparisons are restated.

Wearwell expands to £750,000 with exports much higher

A DOUBLED profit in the second half meant that Wearwell expanded pre-tax surplus from £332,432 to £750,195 for the year ended May 4, 1979. Turnover of the ladies' and children's clothing manufacturer advanced by some £3m to £8.05m.

Exports sales increased substantially and exports to Europe and the Middle East accounted for 70.7 per cent of turnover compared with 44.7 per cent last time. With the present full order book, the group looks forward to a record year in 1980.

The group achieved a record £1m profit in the 1974-75 year, but slumped into losses in the next twelve months.

In the year under review, first-half profits were almost trebled from £111,000 to £308,000, which enabled the group to restore dividends—the first since 1976—with a 0.3p net interim.

A final of 0.8p is now recommended making a total for the year of 1.1p (nil) net. Earnings per 5p share are shown as 5.1p (2.8p) before tax, and 5.2p (3.5p) after the same.

	1978-79 £	1977-78 £
Turnover	8,053,360	5,101,599
Trading profit	1,074,187	534,741
Depreciation, etc.	89,373	64,222
Interest	234,619	138,087
Profit before tax	750,195	332,432
Tax credit	9,405	119,309
Net profit	759,600	451,741
Extraord. credit	3,064	10,242
Available	762,664	461 983
Dividends	170 294	—
Leaving	592,370	461,933

● comment

The most impressive feature of Wearwell's results—profits are more than two-thirds higher—is the strong exports performance at a time when sterling has been rising sharply. Three years ago exports amounted to just £0.52m or 13 per cent of sales but since *then they have mushroomed to* £5.7m or 71 per cent of group turnover. The short explanation is that, by mechanising garment production, Wearwell has been able to remain competitive. Meanwhile, the immediate future looks very rosy. The company has firm orders for at least a year's production worth over £15m—nearly twice 1978-79's sales figure. With the benefits of scale, Wearwell should be able to improve margins. This makes the shares, which are on a historic p/e of 6.6 at 35p, look attractive, while the company has returned to the dividend list, giving a yield of 4.6 per cent.

Steinberg up £0.34m halfway

TAXABLE PROFITS of Steinberg Group, the women's clothing and handbag manufacturer, rose by £340,000 to £843,000 in the 53 weeks to March 31, 1979.

And the directors are looking for further sales and profits improvement in the current year.

They add that during last year various loss-making operations have been closed or sold and provision made for losses on certain investments. All losses have been absorbed in the year's results.

At midway the pre-tax profit was £260,000 (27 weeks), against £243,000.

At the year-end turnover was up from £21.61m in the previous *52 weeks to £25.57m. After tax* of £173,000, against £213,000, the surplus is well up at £670,000, compared with £290,000.

Stated earnings per 10p share have jumped from 2.21p to 5.12p. The final net dividend of 0.7798p lifts the total by 10 per cent—from 0.957p to 1.0998p.

After minority interests of £1,000 (£2,000) and an extraordinary debit of £45,000 this time the attributable profit comes out at £626,000 (£292,000).

The dividends absorb £132,000, against £107,000, leaving the retained profit at £494,000, against £155,000.

Sommerville ends slightly lower at £0.3m

As expected, William Sommerville and Son turned in lower second-half profits and the year to May 31, 1979, finished with the taxable surplus marginally down at £306,445, against £314,905.

At midway profits were higher at £180,000 (£157,000), but the directors warned that industrial unrest would affect second-half trading.

Turnover for the year rose from £5.13m to £5.9m. After tax of £163,000 (£165,413), net profit came through at £143,445 (£148,592).

Net total dividend is lifted from 2.75p to 6p with a 5.45p final. Earnings are given as 22.02p (22.8p).

Attributable profit emerged at £101,787 (£148,592).

Law Debenture reaches £0.56m at six months

With total income more than £140,000 better, 1979 first-half taxable revenue for Law Debenture Corporation advanced from £474,715 to £562,356. Compared with the end of 1978 midterm net asset value per 25p share was 12.6p up at 139.2p.

The net balance emerged at £349,840 (£287,326) after tax ahead to £212,516, against £187,389.

Net interim dividend is raised to 2p (1.75p) and costs £226,800 (£198,450) — a 3.5p final was paid last year on record revenue of £1.06m.

Investments at midyear were valued at £17.65m, against £16.13m six months earlier, including investment currency premium of 10½ per cent (42½ per cent). Tax liability on realisation would have been 6.6p.

Total income comprised dividends and interest on investments and deposits of £556,227 (£458,143), trustee fees of £284,827 (£240,222) and other income of £2,701 (£1,372).

FOOD PRICE MOVEMENTS

	August 2 £	Week ago £	Month ago £
BACON†			
Danish A.1 per ton	1,180	1,180	1,180
British A.1 per ton	1,140	1,140	1,120
Ulster A.1 per ton	1,140	1,140	1,120
BUTTER‡			
NZ per 10 kg	13.20/13.37	13.20/13.37	—
English per 10 kg	16.78/16.46	—	—
Danish salted per 10 kg	17.18/17.69	—	—
CHEESE‡			
English cheddar	1,409	—	—
Irish cheddar	1,330/1,350	—	—
Danish cheddar	—	—	—
EGGS*			
Home produced:			
Size 4	3.20/3.30	3.05/3.30	2.80/3.20
Size 2	3.80/3.90	3.80/3.90	3.50/3.70
	August 2 p	Week ago p	Month ago p
BEEF			
Scottish killed sides ex-KKCF	62.0/67.0	64.0/68.0	64.0/68.0
Eire forequarters	39.0/41.0	41.0/43.0	42.0/45.0
LAMB			
English	56.0/60.0	54.0/60.0	62.0/74.0
NZ PLs/PMs	48.0/50.0	49.0/50.0	—
PORK			
All weights	34.0/43.0	35.0/44.0	34.0/43.5
POULTRY			
Oven-ready chickens	40.0/44.0	41.0/44.0	41.5/44.0

London Egg Exchange price per 120 eggs. † Delivered. ‡ 20 kg rindless blocks, delivered, per tonne.

Anglo American Coal Corporation Limited

(Incorporated in the Republic of South Africa)

INTERIM REPORT

The following are the unaudited consolidated results of the group for the half-year ended 30th June 1979, together with comparative figures for the half-year ended 30th June 1978, and the audited results for the year ended 31st December 1978.

	Half-year ended 30.6.79 R 000	Half-year ended 30.6.78 R 000	Year ended 31.12.78 R 000
Turnover	186 208	146 319	308 444
Profit before taxation	52 579	42 333	87 580
Deduct: Provisions for taxation:			
South African normal	9 774	8 241	17 479
Equalisation	7 821	6 223	12 881
	17 595	14 464	30 360
Profit after taxation	34 984	27 869	57 220
Less: Profit attributable to outside shareholders in subsidiary companies	2 965	2 067	4 492
Profit attributable to shareholders of Amcoal	32 019	25 802	52 728
Cost of dividend No. 112 of 30 cents per share	7 047	5 638	16 914
Number of shares in issue	23 491 438	23 491 438	23 491 438
Earnings per share (cents)	136.3	109.8	224.5
Dividends per share (cents)	30.0	24.0	72.0
Dividend cover	4.5	4.6	3.1
Net expenditure on fixed and mining assets	13 543	52 138	71 611

During the period under review an extraordinary profit of R950 000 was earned and transferred to non-distributable reserves. This represents Amcoal's interest in the net profit realised by Vereeniging Refractories Limited on the sale of its chrome mining assets to Marico Chrome Corporation (Proprietary) Limited which it jointly owns with Armco Bronne (Proprietary) Limited.

COMMENTS

1. **Group Coal Mining Activities**

Total coal and coke sales for the first half of the year were 15 781 000 tons and 243 000 tons compared with 12 749 000 and 217 000 tons during the corresponding period of 1978. The increase of 23.8 per cent in coal tonnage was mainly attributable to increased production at the Kriel opencast mine and at the Kleinkopje mine which commenced production in December 1978. The above tonnage includes sales to the Electricity Supply Commission of 10 656 000 tons which were 33.3 per cent higher than the 7 998 000 tons sold during the corresponding period of 1978.

Colliery companies' profits before tax for the period under review increased by 20.2 per cent from R38 522 000 to R46 316 000. The charge for taxation increased by 17.1 per cent with the result that profits after tax of the collieries increased by 21.8 per cent to R31 205 000. During the first half of 1979 coal mining activities contributed 88 per cent of the group's profits before taxation compared with 91 per cent for the corresponding period last year.

Since the successful commissioning of the Phase II expansion of the Richards Bay coal terminal it has become evident that the potential throughput of the terminal is in excess of its designed capacity of 20 million tons per annum. In the light of this it has been agreed that the annual rate of exports for Phases I and II should be increased to a total of 24 million tons per annum. Amcoal will take up its entitlement of the additional tonnage.

2. **Industrial Interests**

The Vereeniging Refractories group increased its earnings over the comparable period last year by 57 per cent to R3 347 000 as a result of increased exports and new product ranges, an encouraging improvement in the building sector and increased sales by its mining subsidiaries. These earnings include a contribution from Vitro Clay Pipes, whose profits for the six months were R92 000 compared with a loss of R207 000 for the corresponding period last year.

3. **Results for the Year**

Amcoal's earnings for the first half of 1979 showed an increase of 24.1 per cent over *the corresponding* period in 1978. The satisfactory trading conditions are expected to continue with the result that earnings for the year as a whole should show an improvement at least equal to that experienced in the first half of the year.

For and on behalf of the Board
W. G. Boustred } Directors
D. Rankin }

DIVIDEND NO. 112

Dividend No. 112 of 30 cents per share (1978: 24 cents per share), being an interim dividend for the year ending 31st December 1979, has been declared payable to members registered in the books of the company at the close of business on 17th August 1979.

The transfer registers and registers of members will be closed from 18th to 31st August 1979, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about 11th October 1979. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 2nd October 1979 of the rand value of their dividends, less appropriate taxes. Any such shareholders may, however, elect to be paid in South African currency provided that the request is received at the offices of the company's transfer secretaries in Johannesburg or the United Kingdom on or before 17th August 1979. The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the Head and London offices of the company and also at the offices of the company's transfer secretaries in Johannesburg and the United Kingdom.

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: P. J. Eustace
Senior Divisional Secretary

Registered Office:
44 Main Street
Johannesburg 2001
3rd August, 1979

London Office:
40 Holborn Viaduct
EC1P 1AJ

هكذا من الأصل

CURRENCIES, MONEY and GOLD

Pound & dollar steady

TRADING was fairly quiet in currency markets yesterday, with sterling and the U.S. dollar both remaining fairly steady. The pound traded in quite a wide range between $2.2580 and $2.2730, but this was more a reflection of the rather thin conditions than any continuation of the volatile trading seen recently. The pound opened at $2.2630 and rose on little business to $2.2730 at around 10 am. By noon it had settled back to $2.2700 before selling out of New York saw the rate fall to $2.2600, with a low of $2.2580. However, buying interest developed at these lower levels and it recovered at the close to $2.2675-2.2685, a fall of just 25 points from Wednesday.

Against European currencies the pound was slightly weaker at DM 4.1475 against DM 4.1550 and FFr 9.6375 from FFr 9.6525. Its trade weighted index fell at the morning calculation to 72.2 from Wednesday's close of 74.4, but remained at 72.2 at noon and at the close.

A rise in Britain's July reserves to a record $23.5bn was somewhat larger than expected but had little influence on trading in London, although sentiment in New York may have improved in later trading.

The dollar spent a very quiet day and showed very little overall movement against most major currencies. Against the D-mark it finished at DM 1.8280 compared with DM 1.8285 previously, and was unchanged in terms of the Swiss franc at SwFr 1.6565. The yen was slightly weaker, with the dollar quoted at Y216.45 from Y216.0. On Bank of England figures, the dollar's trade weighted index moved slightly firmer to 84.5 from 84.4.

The Canadian dollar continued to weaken in rather featureless trading and finished at 85.03¼ U.S. cents against 85.34½ U.S. cents on Wednesday.

FRANKFURT — The dollar was again fixed lower against the D-mark at DM 1.8249 compared with DM 1.8287 on Wednesday, and there was no intervention by the Bundesbank at that time. Trading was described as very subdued, and the U.S. unit moved within a narrow range of DM 1.8245 and DM 1.8280.

MILAN — The dollar lost ground against the lira and was fixed at L818.45 compared with L819.95 previously. Sterling gained slightly to L1,854.70 from L1,842 while the D-mark eased a little to L448.26 from L448.32. On the other hand the French franc was firmer at L192.84 from L192.62.

TOKYO — The dollar eased slightly against the yen yesterday and closed at Y216.40 compared with Y216.975 on Wednesday. Trading was generally quiet with a best level for the day of Y216.50 and a low of Y216.20. There was a slight downward pressure after the announcement of a 16 per cent rise in Japan's export letters of credit, although this seemed short lived.

THE POUND SPOT AND FORWARD

Aug. 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2580-2.2730	2.2675-2.2685	0.68-0.58c pm	3.33	1.88-1.78 pm	3.23
Canada	2.6580-2.6680	2.6660-2.6670	0.80-0.70c pm	3.37	1.90-1.80 pm	2.77
Nethlnd.	4.53-4.56	4.54½-4.55½	2⅞-1⅝c pm	5.27	6⅞-5⅞ pm	4.94
Belgium	66.00-66.45	66.20-66.30	16-6c pm	1.99	45-35 pm	2.41
Denmark	11.90-11.96	11.94½-11.95½	1¾ore pm-¼ore dis	0.75	2¼-4¼ dis	−1.08
Ireland	1.0970-1.1020	1.0975-1.0985	30-40p dis	−3.83	85-95 dis	−3.28
W. Ger.	4.12½-4.16	4.14¾-4.15¾	3½-2¾pf pm	8.31	8⅞-7⅞ pm	8.07
Portugal	110.80-111.60	110.85-111.15	40-100c dis	−7.56	110-210 dis	−6.09
Spain	149.75-150.25	149.80-149.90	300-350c dis	−26.03	725-825dis	−20.69
Italy	1,850-1,857	1,855½-1,856½	¼ lire pm-1¾ dis	−0.48	3¼-5¼ dis	−0.70
Norway	11.37-11.43	11.40¾-11.41¾	5¼-3¼ore pm	4.47	14¾-12¾ pm	4.82
France	9.60-9.65	9.63¾-9.64¾	2¾-1¾c pm	2.80	6¼-5¼ pm	2.39
Sweden	9.50-9.55½	9.54-9.55	2ore pm-par	1.26	4½-2½ pm	1.51
Japan	483-493	490½-491½	3.70-3.40y pm	8.68	10.25-9.95 pm	8.23
Austria	30.27-30.40	30.32-30.37	22-12gro pm	6.72	58-48 pm	6.98
Switz.	3.74½-3.77	3.75½-3.76½	4¼-3¾c pm	12.37	12⅞-11⅞ pm	12.63

Belgian rate is for convertible francs. Financial franc 68.80-68.90c pm. Six-month forward dollar 3.22-3.12c pm; 12-month 5.25-5.15c pm.

THE DOLLAR SPOT AND FORWARD

Aug. 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2580-2.2730	2.2675-2.2685	0.68-0.58c pm	3.33	1.88-1.78 pm	3.22
Ireland†	2.0575-2.0625	2.0575-2.0625	1.35-1.15c pm	7.28	3.60-3.30 pm	6.70
Canada†	85.00-85.19	85.00-85.03	0.10-0.12c pm	1.55	0.17-0.20 pm	0.87
Nethlnd.	2.0040-2.0075	2.0065-2.0075	0.45-0.35c pm	2.39	1.08-0.98 pm	2.05
Belgium	29.20½-29.24	29.21½-29.23	1-2½c dis	−0.71	3½-5 dis	−0.58
Denmark	5.2600-5.2740	5.2725-5.2740	1.00-1.50ore dis	−2.84	5.40-5.90dis	−4.28
W. Ger.	1.8250-1.8315	1.8305-1.8315	0.78-0.68pf pm	4.79	2.15-2.05 pm	4.59
Portugal	48.80-49.02	48.90-49.00	38-48c dis	−10.54	95-140 dis	−9.60
Spain	66.06-66.17	66.08-66.12	210-235c dis	−40.40	445-475dis	−27.84
Italy	818.40-818.90	818.40-818.90	2.50-3.50 lire dis	−4.39	9.00-10.50dis	−4.76
Norway	5.0300-5.0320	5.0300-5.0310	0.85-0.35ore pm	1.43	2.45-1.95 pm	1.74
France	4.2435-4.2490	4.2470-4.2490	0.18-0.28c dis	−0.64	0.93-1.08dis	−0.94
Sweden	4.2040-4.2070	4.2060-4.2070	0.25-0.45ore dis	−0.99	1.40-1.60dis	−1.42
Japan	216.20-216.70	216.40-216.60	1.05-0.90y pm	5.40	2.85-2.70 pm	5.12
Austria	13.359-13.385	13.374-13.379	5.10-4.60gro pm	4.35	13.25-11.75pm	3.73
Switz.	1.6530-1.6582	1.6572-1.6582	1.38-1.33c pm	9.81	4.05-4.00 pm	9.71

† UK, Ireland and Canada are quoted in U.S currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Aug. 1	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.578673	0.615274
U.S. $	10	1.30103	1.38437
Canadian $	11¾	1.52533	1.62151
Austria Sch	3¾	17.4338	18.5297
Belgian F	9	38.0561	40.5031
Danish K	9	6.85318	7.28800
D Mark	5	2.37919	2.53131
Guilder	8	2.61247	2.77842
French Fr.	9½	5.53783	5.89186
Lira	10½	1066.84	1134.83
Yen	5¼	282.193	299.231
Nrwgn. K	7	6.55914	6.97652
Spanish Pes.	8	85.9630	91.4859
Swedish Kr.	7	5.48319	5.82583
Swiss Fr.	1	Unavail.	2.89251

CURRENCY MOVEMENTS

Aug. 2	Bank of England Index	Morgan Guaranty changes %
Sterling	72.2	−33.2
U.S. dollar	84.5	−8.7
Canadian dollar	80.0	−17.7
Austrian schilling	148.1	+19.5
Belgian franc	114.2	+13.5
Danish kroner	113.4	+2.2
Deutsche mark	151.6	+42.1
Swiss franc	196.8	+80.7
Guilder	123.6	+18.5
French franc	99.1	−7.3
Lira	55.2	−48.8
Yen	131.9	+30.4

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

August 2	£	$		£ Note Rates
Argentina Peso	3094-3114	1365-1375	Austria	30-31
Australia Dollar	2.0010-2.0050	0.8820-0.8840	Belgium	68.5-70.0
Brazil Cruzeiro	58.37-59.37	25.75-26.20	Denmark	11.90-12.00
Finland Markka	8.69-8.705	3.8360-3.8380	France	9.60-9.75
Greek Drachma	82.488-84.459	36.35-37.25	Germany	4.10-4.20
Hong Kong Dollar	11.665-11.680	5.1475-5.1525	Italy	1,850-1,900
Iran Rial	163.08-169.87	72.75	Japan	495-505
Kuwait Dinar (KD)	0.620-0.630	0.2754-0.2755	Netherlands	4.50-4.60
Luxembourg Frc.	66.20-66.30	29.21-29.23	Norway	11.45-11.60
Malaysia Dollar	4.8675-4.8800	2.1525-2.1535	Portugal	107-110
New Zealand Dlr.	2.2160-2.2220	0.9770-0.9795	Spain	148-152
Saudi Arab. Riyal	7.57-7.67	3.3595-3.3603	Switzerland	3.70-3.80
Singapore Dollar	4.8625-4.8750	2.1518-2.1525	United States	2.25-2.27
Sth. African Rand	1.895-1.905	0.8355-0.8395	Yugoslavia	44.5-46.5

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.5418	+2.75	+1.31	±1.53
Danish Krone	7.08592	7.30134	+3.04	+1.61	±1.635
German D-Mark	2.51064	2.53347	+0.91	−0.53	±1.1325
French Franc	5.79831	5.89201	+1.62	+0.18	±1.35
Dutch Guilder	2.72077	2.78287	+2.28	+0.85	±1.5075
Irish Punt	0.662638	0.672558	+1.50	+0.06	±1.665
Italian Lira	1148.15	1135.92	−1.07	−1.07	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.75-10.85 per cent; three months 10.85-10.95 per cent; six months 10.80-10.90 per cent; one year 10.50-10.60 per cent.

Aug. 2	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	13⅞-14⅞	10⅜-10⅝	9⅛-10½	8⅛-8¾	[illegible]	6 1/16-6 3/16	10⅛-10⅜	9½-11½	—	2 7/16-7½
7 days' notice	13⅞-14⅛	10¾-11	9¼-10¼	8¼-8¾	7/16-¾	6⅛-6¼	10⅛-10⅜	14-16	10 13/16-10 15/16	5⅛-6⅝
Month	14-14⅛	10⅞-11⅛	11¼-11⅝	8⅝-8¾	1¼-1⅜	6 1/16-6 3/16	11⅛-11⅜	15-16	10⅞-11	5⅝-6
three months	14 3/16-14 5/16	10 15/16-11 1/16	11¼-11⅝	9⅛-9¼	1⅝-1¾	6½-6⅝	11⅞-12	15¼-16¼	11 1/16-11 3/16	5 15/16-6¼
six months	13⅞-14¼	11-11¼	11 5/16-11 7/16	9½-9⅝	2 1/16-2 3/16	6⅞-7	12-12¼	15¼-16¼	11 1/16-11 3/16	6 1/16-6 5/16
one year	13 9/16-13 15/16	10 9/16-10 11/16	10 15/16-11 1/16	9¼-9½	2 1/16-2 3/16	6⅞-7	12-12¼	14⅛-15½	10 9/16-10 11/16	6¼-6⅝

Long-term Eurodollar: two years 10⅛-10⅜ per cent; three years 10⅜-10⅝ per cent; four years 10 7/16-10 9/16 per cent; five years 10-10½ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

EXCHANGE CROSS RATES

August 2	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lire	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.268	4.148	491.0	9.638	3.760	4.550	1856.	2.667	66.25
U.S. Dollar	0.441	1.	1.829	216.5	4.249	1.658	2.006	818.3	1.176	29.21
Deutschemark	0.241	0.547	1.	118.4	2.324	0.907	1.097	447.5	0.643	15.97
Japanese Yen 1,000	2.037	4.619	8.447	1000.	19.63	7.658	9.267	3780.	5.431	134.9
French Franc 10	1.038	2.353	4.304	509.5	10.	3.901	4.721	1926.	2.767	68.74
Swiss Franc	0.266	0.603	1.103	130.6	2.563	1.	1.210	493.6	0.709	17.62
Dutch Guilder	0.220	0.498	0.912	107.9	2.118	0.826	1.	407.9	0.586	14.56
Italian Lira 1,000	0.539	1.222	2.235	264.5	5.193	2.026	2.452	1000.	1.437	35.70
Canadian Dollar	0.375	0.851	1.555	184.1	3.614	1.410	1.706	696.0	1.	24.85
Belgian Franc 100	1.509	3.423	6.260	741.1	14.55	5.675	6.868	2802.	4.025	100.

INTERNATIONAL MONEY MARKET

French paper rates unchanged

Signs that European interest rates may have reached a temporary peak were given further weight yesterday when the Bank of France bought FFr 4bn of first category paper from the market at an unchanged rate of 10¼ per cent. This compares with a rate only five weeks ago of 8¾ per cent and the absence of any rise yesterday may reflect the authorities' desire to see a temporary halt after the recent increases. Call money however was back to 10½ per cent having eased to 10⅜ per cent on Wednesday and longer term rates were also back to Tuesday's levels. One-month money was quoted at 10⅝-10⅞ per cent against 10 9/16-10 7/16 per cent, three-month at 10⅝-10⅞ per cent against 10 9/16-10 11/16 per cent, six-month at 10 11/16-10 13/16 per cent unchanged, and 12-month money at 10 13/16-10 15/16 per cent compared with 10¾-10⅞ per cent.

FRANKFURT — Interbank money rates were slightly easier where changed, with call money at 6.15-6.25 per cent against 6.20-6.30 per cent on Wednesday, and one-month money at 6.35-6.40 per cent from 6.35-6.45 per cent. Three and six-month rates were unchanged at 6.90-7.00 per cent and 7.25-7.35 per cent respectively while 12-month money was quoted at 7.40-7.60 per cent against 7.40-7.50 per cent previously.

NEW YORK — Federal funds were trading at 10 11/16-10 13/16 per cent unchanged from Wednesday, with uncertainty as to what is the official target rate likely to remain while the authorities find it necessary to keep adding reserves. Yesterday the Fed entered the market to arrange $1.5bn of customer repurchase orders.

AMSTERDAM — Call money was quoted at 8¼-8½ per cent compared with 8¼-8⅜ per cent and one-month money was unchanged at 9¼-9⅜ per cent. The three-month rate rose from 9⅜-9⅝ per cent to 9½-9¾ per cent while six-month money remained at 9⅜-9⅝ per cent.

BRUSSELS — Deposit rates for the Belgian franc (commercial) continued to ease with one and three-month deposits at 11¾-12⅛ per cent against 12-12¼ per cent on Wednesday and six-month deposits at 11¼-11½ per cent from 11⅜-11⅝ per cent. The 12-month rate was also easier at 10¾-10⅞ per cent compared with 10⅞-10⅝ per cent previously.

GOLD

Further decline

Trading continued to be heavy in the London bullion market yesterday, and gold lost a further $1 an ounce to close at $288½-289¼. After a favourable reaction to the IMF auction had pushed up the price to around $293, some selling developed ahead of the entry of New York into the market, and this trend continued afterwards, with the metal reported to have touched $287-287½ before recovering slightly at the close.

In Paris the 12½-kilo bar was fixed at FFr 42,300 per kilo ($309.93 per ounce) compared with FFr 42,475 ($311.30) in the morning and FFr 42,500 ($308.73) on Wednesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 17,190 per kilo ($292.88 per ounce) against DM 17,160 ($291.86) previously.

	Aug. 2	Aug. 1
Gold Bullion (fine ounce)		
Close	$288½-289¼ (£127.2-127.5)	$289½-290¼ (£127.4-127.8)
Opening	$290½-291¼ (£128.1-128.4)	$289½-290¼ (£128.4-128.8)
Morning fixing	$292.85 (£129.009)	$290.95 (£129.426)
Afternoon fixing	$291.50 (£128.885)	$290.10 (£127.377)
Gold Coins, domestically		
Krugerrand	$299-301 (£131½-132½)	$299-301 (£131½-132½)
New Sovereigns	$76-78 (£33½-34½)	$75¾-77¾ (£33¼-34¼)
Old Sovereigns	$103¾-105¾ (£45¾-46¾)	$100¾-102¾ (£44¼-45¼)
Gold Coins, Internationally		
Krugerrand	$299-301 (£131½-132½)	$299-301 (£131½-132½)
New Sovereigns	$76-78 (£33½-34½)	$75¾-77¾ (£33¼-34¼)
Old Sovereigns	$103½-105½ (£45½-46½)	$100¾-102¾ (£44¼-45¼)
$20 Eagles	$418-423	$418-420
$10 Eagles	$238-243	$225-231
$5 Eagles	$181-186	$168-173

UK MONEY MARKET

Small shortage

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day-to-day credit appeared to be in slightly short supply in the London money market yesterday, and the authorities gave assistance by buying a small amount of Treasury bills all direct from the discount houses. The market was faced with a small excess of revenue transfers to the Exchequer over Government disbursements, and there was a small net take up of Treasury bills to finance. On the other hand banks brought forward balances a little way above target and there was a small decrease in the note circulation.

In the interbank market overnight money opened at 13⅞-14⅛ per cent and eased on the forecast to 13¼-13½ per cent and right through in stages down to 13-13¼ per cent. During the afternoon rates fell away sharply, with money taken as low as 3 per cent. Period rates showed an easier tendency with three-month money quoted at 14 3/16-14 5/16 per cent compared with 14 3/16-14 5/16 per cent on Wednesday and six-month money easing to 13 13/16-13 15/16 per cent from 13⅞-14 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Aug. 2 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	3-14⅛	—	—	—	13¾-13⅞	8-13⅞	—	—	—
2 days notice	—	—	14⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14-14⅛	14¼	—	14½	14⅛-14¼	13½-13¾	—	—	—
One month	14¼-14	14 5/16-14¼	14⅛	14⅞-14⅝	14½	14½	13¾-13⅞	13¼	14¼	14½
Two months	14¼-14	14 3/16-14¼	—	14⅝-14⅜	14½	—	13¾	13 17/32	14⅛-14 1/16	14½
Three months	14 1/16-14	14 5/16-14 3/16	14⅛	14⅛-14	14½	14½	13¾	13⅝-13 21/32	14	14⅝
Six months	13½-13⅛	13 15/16-13 13/16	13⅞-13 13/16	13½-13⅛	14⅜	—	—	—	13 21/32-13⅛	13¾
Nine months	13¼-13⅛	13¼-13⅜	—	13⅜-13	13⅝	—	—	—	—	—
One year	12 29/32-12⅝	12 15/16-12 13/16	13	12⅞-12⅝	13⅛	—	—	—	—	—
Two years	—	—	13	—	—					

Local authority and finance houses seven days' notice, others seven days fixed. * Long-term local authority mortgage rates nominally three years 13 per cent; four years 13 per cent; five years 13 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅞ per cent; four-month trade bills 14 per cent. Approximate selling rate for one-month Treasury bills 13¼-13⅜ per cent; two-month 13 17-64ths-13⅜ per cent; three-month 13⅞ per cent. Approximate rates for one-month bank bills 14⅛ per cent; two-month 14-14⅛ per cent; and three-month 13⅞ per cent; one-month trade bills 14⅝ per cent; two-month 14⅝ per cent; and three month 14½ per cent.

Finance House Base Rate (published by the Finance Houses Association) 14 per cent from August 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.3459 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11.5-11.75
Fed Funds	10.75
Treasury Bills (13-week)	9.14
Treasury Bills (26-week)	9.22
GERMANY	
Discount Rate	5
Overnight Rate	6.20
One month	6.375
Three months	6.95
Six months	7.30
FRANCE	
Discount Rate	9.5
Overnight Rate	10.50
One month	10.5625
Three months	10.6875
Six months	10.75
JAPAN	
Discount Rate	6.25
Call (Unconditional)	5.5625
Bills Discount (three-month)	7.0

AMERICAN NEWS

ITT decides to go it alone in Europe

BY JOHN WYLES IN NEW YORK

INTERNATIONAL Telephone and Telegraph yesterday announced that it would take all necessary steps to strengthen its struggling European consumer electronics businesses, in the first major change of direction since the company's chief executive, Mr. Lyman Hamilton Jr., left last month.

In a brief statement, ITT said that it had broken off negotiations on a joint venture "in the consumer electronics field." The significance of the decision is that the negotiations were started by Mr. Hamilton, and that they were based on a European company, reportedly Thomson-Brandt of France, taking a controlling interest in the businesses, which operate in 14 European countries.

These discussions, coupled with other divestiture moves by Mr. Hamilton, so upset Mr. Harold Geneen, the company's chairman and moving spirit for 19 years, that the board finally agreed to replace Mr. Hamilton with Mr. Rand Y. Araskog

Mr. Hamilton's dismissal was quickly followed by the resignation of Mr. Gerhard Andlinger, who had been chairman of ITT Europe for just four months. Mr. Andlinger played a leading role in the discussions on reducing ITT's consumer electronics interests.

Rumours about Mr. Hamilton's intentions created considerable disaffection among ITT's European managers, which continued in the uncertainty following his departure, and will only now be stilled by yesterday's unequivocal announcement.

Mr. Maurice Valente, executive vice-president and Mr. Andlinger's predecessor in Europe, affirmed yesterday that ITT had decided "to apply all the internal managerial and financial resources necessary to support its dealer network and strengthen its own manufacturing facilities." As a result ITT would concentrate on "competing vigorously" with new products, designs and marketing programmes rather than seeking "an outside solution."

This approach is precisely in line with policies traditionally favoured by Mr. Geneen, who, since his retirement as chief executive at the start of 1978, was supposed to have pulled back from determining the company's overall direction.

However, Mr. Araskog, now the chief executive, was Mr. Geneen's chosen successor rather than Mr. Hamilton, who had been the choice of the Board. Mr. Araskog is said to share Mr. Geneen's preference for trying to turn around ailing businesses rather than acknowledging their weakness by selling them off or bringing in equity partners.

ITT's consumer appliance businesses had total sales last year of $932m and losses of $11m. In the previous year losses were $14m, and notwithstanding Mr. Geneen's efforts as chief executive, their contribution has been marginal for several years.

Terry Dodsworth adds from Paris: Last night, Thomson-Brandt said that it could neither confirm nor deny the reports from the U.S. Its relations with ITT were on a normal commercial basis, it added.

The Thomson group has in the past had close contacts with ITT in France, where it took over one of the U.S. company's telecommunications subsidiaries.

Advance at General Dynamics

By Our New York Staff

GENERAL DYNAMICS, the widely diversified defence contractor, reported a sharp improvement in operating earnings in the second quarter. Profits were $47.8m or $1.77 a share, up from $30.7m or $1.15 a share last year. Last year's figures exclude a net loss on settlement of the SSN 688 contract, which transformed profits into a loss of $156m.

Sales for this year's second quarter were $1.02bn, up on last year's $789m.

Mr. David Lewis, chairman, said that the results were due to a strong performance across the board, including the aerospace, marine, materials service and coal divisions. Sales and earnings were also up in the company telecommunications and data products divisions.

The F-16 fighter continues to hold the foreground among the company's major products. The first two aircraft were delivered to the Dutch air force in the quarter, and Lewis said he was optimistic that the F-16 would be competitive for selection by Australia, Canada and Spain.

Loews to lift CNA stake

BY DAVID LASCELLES IN NEW YORK

LOEWS CORPORATION, the fast-expanding industrial and financial concern, is to consolidate its interests in two of its major activities—insurance and theatres.

The New York-based company plans to raise its stake in CNA Financial Corporation, the Chicago insurer, from 57 per cent to 76 per cent at a cost of $150m. It will do this by means of a tender offer for 6m CNA shares at $15 each, and 3m shares of preferred stock at $20 each.

CNA, which said it would take no stand on the offer, is one of the country's largest insurance companies, with assets of about $7bn. Last year, it contributed about half of Loews' earnings of $151m.

Loews also intends to make a tender offer for 2.5m of the presently outstanding Loews Theatre warrants at $25 each, reserving the right to buy an extra 1m warrants if they are tendered. Total cost of this deal would be about $62.5m.

Loews would not say how it proposes to finance these deals. However, according to the Value Line Investment survey, the company has about $170m of cash temporarily invested in money market securities, and a further $200m worth of stock in unaffiliated companies.

If the CNA deal goes through, it will transform Loews into a primarily insurance-oriented concern. Its other interests include tobacco—mainly the Kent brand—cinemas, hotels, steel and watches.

CNA reported diluted net operating earnings for the second quarter of 79 cents compared with 59 cents previously. Revenue rose from $573m to $644m.

Operating net income for the first half was $82.29m against $61.87m, equal to $1.40 per share against $1.06, on revenue of $1.28bn compared with $1.13bn.

Higher oil prices hit Petrobras

BY DIANA SMITH IN BRASILIA

PETROBRAS, the Brazilian oil monopoly, now considered number 38 in the world in terms of size, has declared a Cr 9bn ($346m) net profit for the first half of 1979. This represents a drop of 14.48 per cent compared with the January-June 1978 period: inevitably, the cause of the decrease is the higher price of imported oil, which will cost Petrobras an estimated $7bn this year, compared with $45bn in 1978.

The OPEC increases have been exacerbated by Brazil's continual mini-devaluations, which have lowered the Cruzeiro against the dollar by over 25 per cent since the beginning of this year.

Petrobras' gross sales for the first half totalled Cr 133bn ($5.12bn), with net sales of Cr 87bn ($3.35bn). Since January, domestic prices of oil derivatives have suffered three increases, the latest on July 30.

The latest increase pushed the prices of diesel and fuel oil up by 50 per cent, to Cr 8.70 (33 U.S. cents) a litre, and Cr 3 a kilo (11 U.S. cents) respectively.

Further fall for Hoover

BY OUR FINANCIAL STAFF

HOOVER COMPANY, the worldwide domestic appliance group which holds 55 per cent of Hoover UK, reported a further fall in earnings in the second quarter of the current year.

Total net income dropped by 22 per cent to $4.5m, with share earnings at 36 cents against 44 cents. At $182.4m, sales edged forward from the $176.2m of the comparable quarter.

For the first half, earnings are now down by 9.4 per cent to $9.6m, with share earnings of 75 cents against 81 cents. Sales have put on 14 per cent to $364.7m.

Earnings move up at Domtar

By Our Financial Staff

DOMTAR, the Montreal-based pulp, paper, chemicals and building materials group, yesterday reported a strong upturn in profit margins in the second half of the year. Earnings for the full year are 75 per cent ahead at $64.6m, or $4.32 against $2.46 a share, on sales of $1bn compared with $953m last time.

In the second half, with sales unchanged from the comparable period at $316m, earnings leapt by 40 per cent to $31.3m or from $1.02 to $1.42 a share.

First half earnings were doubled at $43.3m or $2.90 a share, after sales had moved up from $592m to $715m.

Domtar says that the improvement came from higher fine paper sales, better selling prices for pulp as well as from the favourable currency exchange rates on exports of all paper products, including newsprint.

Profits from the corrugated liner board business recently acquired from Reed Limited, as well as the better profit margins enjoyed by Domtar's other corrugated and container board business, also boosted the results.

Profits at Domtar Chemicals improved following a higher sales volume, but Canadian operations of the construction materials group were hurt by lower sales, tighter margins and by start-up costs for a new plant at Cornwall.

Domtar Gypsum America launched a $5m expansion programme for its gypsum wallboard plants in Long Beach and Antioch, California. This will boost capacity by 32 per cent.

VONTOBEL EUROBOND INDICES

14.5.76=100%

PRICE INDEX	24.7.79	31.7.79	AVERAGE YIELD	24.7.79	31.7.79
DM Bonds	100.22	100.53	DM Bonds	7.290	7.233
HFL Bonds & Notes	96.14	96.22	HFL Bonds & Notes	9.077	9.052
U.S. $ Strt. Bonds	95.99	95.51	U.S. $ Strt. Bonds	9.618	9.700
Can. Dollar Bonds	97.35	96.48	Can. Dollar Bonds	10.024	10.208

AMERICAN QUARTERLIES

AMERICAN STANDARD

Second quarter	1979 $	1978 $
Revenue	613.6m	544.4m
Net profits	33.60m	30.00m
Net per share	2.44	2.14

INTERNATIONAL CAPITAL MARKETS

Sharp demand pushes DM bond prices higher

BY FRANCIS GHILES

STRONG DEMAND for Deutsche-Mark-denominated foreign bonds continued yesterday, pushing prices up by an average of ½ point. In the domestic market, the Bundesbank sold DM196m worth of paper to satisfy investors demand.

The strength of demand for foreign D-Mark paper allowed Deutsche Bank to cut the coupon it is offering on the DM100m 10-year bond for the Asian Development Bank for the second time in two days.

Final terms include a coupon of 7¼ instead of the indicated 7½ per cent and a price of 99¾ instead of the indicated 99½. The same bank announced a DM50m convertible for Uny with a coupon of 6¾ per cent. This issue, which is expected to be priced at par, includes a bullet maturity of 5½ years. Such was the strength of demand yesterday that the lead manager was not ruling out a cut in the coupon when it is finally set.

The DM100 private placement for the Kingdom of Sweden, which has been arranged by Dresdner Bank, was priced at 100½. Other terms include a coupon of 7½ per cent and a maturity of 10 years. It quickly moved to 101½ bid in early market trading.

Westdeutsche Landesbank is arranging a DM 50m private placement for the Girozentrale und Bank der Oesterreichischen Sparkassen AG of Vienna. This five-year bullet issue includes a coupon of 6¾ per cent and will be priced at par.

The launching of these latest issues brings the total volume of new foreign Deutsche Mark bonds floated since the last meeting of the German Capital Markets Sub-Committee just over a week ago to DM 600m. That meeting decided on a new issue volume for the coming month of DM 200m. The Sub-Committee also agreed on two private placements going ahead, market conditions permitting—they have been launched this week. The third issue launched this week was for a supranational borrower, the World Bank, which does not need to be technically included in the calendar.

Despite the relative currency stability of the past week, widespread buying of Deutsche Mark bonds from outside Germany has developed. Buyers are investing in new issues, even when these offer lower yields than foreign Deutsche Mark bonds floated recently, as it is virtually impossible to pick up any sizeable amounts of Deutsche Mark foreign paper in the secondary market.

In the Swiss franc sector, Union Bank of Switzerland is arranging a convertible for Tokyu Car Corporation. The amount is SwFr 35m for five years and the borrower is paying a coupon of 4¾ per cent. These terms are final.

In the dollar sector of the market, prices were stable, the firm undertone of the market being helped by the good mood in the New York bond market. Trading volume remained minimal.

$700m package for Yugoslavia

BY JOHN EVANS

A $700M INTERNATIONAL financial package for Yugoslavia, to support the supply of a cold rolling mills complex by Davy Loewy Ltd, the Sheffield steel processing equipment group, was signed in London yesterday.

The complex is to be built in Smederevo for Metalurski Kombinat Smederevo (MKS), one of the largest iron and steel works in Yugoslavia.

The financing comprises a $500m 15-year loan, backed by the Export Credits Guarantee Department, for equipment and services supplied by Davy-Loewy, and a $200m Eurocurrency 12-year facility to finance local and other costs.

Grindlay Brandts arranged the package, while the two loans were provided by a group of banks from nine countries.

The financing was arranged through Udruzena Beogradska Banka, the largest commercial banking organisation in Yugoslavia, which acted as guarantor of the ECGD backing and as borrower under the Eurocurrency loan.

The Eurocurrency facility incorporates the finest terms yet obtained by Yugoslavia for a major syndicated borrowing. The maturity is 12 years, with a five-year grace period, at a spread of ⅞ per cent.

The total cost of the mills complex will be $600m. In addition to the basic package, Grindlays Bank has arranged a $53m syndicated bond facility on behalf of Davy-Loewy

Cabinet rejects Bell Canada appeal

BY VICTOR MACKIE IN OTTAWA

THE Canadian Government has rejected a Bell Canada appeal against an official decision that will expose Bell's long-distance business telecommunications system to its first vigorous competition.

In a decision made public by Mr. David MacDonald the Communications Minister, the Cabinet rejected Bell Canada's appeal against a recent decision by the Canadian Radio-Television and Telecommunications Commission (CRTC).

That decision gave Bell's only major competitor, CNCP Telecommunications, the right to connect customers to CNCP long-distance telephone lines through Bell's local system in Quebec and Ontario.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on August 2

U.S. DOLLAR STRAIGHTS

OTHER STRAIGHTS

FLOATING RATE NOTES

DEUTSCHE MARK STRAIGHTS

SWISS FRANC STRAIGHTS

YEN STRAIGHTS

CONVERTIBLE BONDS

INTERNATIONAL COMPANIES and FINANCE

DC-10 grounding and fuel costs hit KLM earnings

BY CHARLES BATCHELOR IN AMSTERDAM

SHARPLY HIGHER fuel costs and the grounding of the DC-10 affected the results of KLM Royal Dutch Airlines in the first quarter of 1979/80. Operating costs rose more rapidly than revenues. Profits at the net and operating levels were about 40 per cent down on the same period of last year, it said in its quarterly report.

Despite these problems the airline is cautiously optimistic about the future and expects a further growth in air traffic.

KLM reported operating profit of Fl 32.4m ($16.2m) in the April to June period compared with Fl 52.1m last year. The net interest charge was slightly lower at Fl 4.4m compared with Fl 5.5m in 1978/79. The absence of any income from the sales of aircraft and a decline in extraordinary income reduced net profit to Fl 30.1m from Fl 50.3m.

Operating revenue rose 9.4 per cent to Fl 768m ($384m) while costs, including depreciation, rose by 13.2 per cent to Fl 735.6m. Profit per Fl 100 nominal share fell to Fl 6.72 from Fl 14.92 after a rise in the number of shares by about 800,000 to 3.92m. Profit per share is calculated after allowing Fl 3.75m payment to the holders of the 5 per cent preference shares.

Traffic in tonne/kilometres rose by 12 per cent on the same quarter of last year while production rose 3 per cent. Scheduled passenger traffic rose 17 per cent, freight traffic by 11 per cent and postal traffic by 8 per cent.

The volume of charter traffic continued to decline, falling by 23 per cent. The load factor rose to 63.5 per cent from 58.1 per cent. This figure was influenced by the fact that KLM had to ground its seven DC-10s for two weeks and could not afterwards use them fully because of the continuing ban in the U.S.

The 37.2 per cent rise in fuel costs was the major cause of the decline in KLM profits since it could only be partly compensated for in higher tariffs.

The direct costs of the grounding of the DC-10s cut Fl 3m off profits and the indirect costs have yet yet to be calculated.

Lost revenues from the maintenance of DC-10s for other airlines were greater than the losses from cancelled flights since KLM was able to substitute other aircraft.

Deutsche Bank first-half profit squeezed

By Our Bonn Staff

DEUTSCHE BANK, faced with a drop in business volume and lower operating profits, is hoping that the latest increase in the German discount rate will improve its interest margins during the second half of 1979.

In the first half, the overall business volume recorded by Deutsche Bank, the balance sheet total as well as endorsement liabilities, fell by 3.1 per cent to DM 89.5bn compared to the end of last year.

Deutsche Bank, West Germany's largest commercial bank, blames the drop in turnover on a corresponding fall in funds from outside sources and only modest (2.7 per cent) growth in credit volume. Operating profits meanwhile were some 6 per cent below the six month average for 1978.

In the past, increases in business volume have served to offset the decline in interest margins. But now the bank is looking to the 1 per cent increase in the discount rate, announced by the Bundesbank last month, to improve the situation.

Certainly there was room for improvement in interest margins during the first half. The interest surplus increased in the first half of 1979 by 8.6 per cent (reaching DM 1.13bn) over the 1978 six month average. But this growth was purely the result of a 9 per cent increase in turnover.

Savings deposits rose by only 1.2 per cent in the first half after strong growth in 1978.

Deutsche Bank said yesterday that the lapse in business volume of the parent had been balanced within the group by substantial increased turnover in the Luxembourg subsidiary, Deutsche Bank Compagnie Financiere Luxembourg and the continued growth of the group's mortgage banks.

Meanwhile, the Bayerische Vereinsbank also reported yesterday that business volume fell during the first half by DM 578m to DM 25.7bn.

ACCOUNTING SYSTEMS

East meets West at SHI

BY RICHARD C. HANSON IN TOKYO

SUMITOMO Heavy Industries, one of Japan's troubled big-six shipbuilders,t his week reported that its consolidated net loss for the last fiscal year ballooned to Y25.60bn (about $118m)—all the more surprising since two months ago it announced a modest parent company net profit of Y433m ($1.9m) for the year.

But the Japanese financial Press and stock exchanges hardly blinked an eyelid, just another example of what happens when Eastern accounting methods meet West.

The explanation for the huge loss upon consolidation is fairly straightforward. Sumitomo since the early 1970s has used generally accepted American Securities and Exchange Commission accounting practices in compiling its consolidated profit/loss statements. For the year which ended last March 31 this meant, for example, that sums which were counted as profit under Japanese rules became losses under the U.S. standards.

Deferred ship payments in the consolidated account became a Y6.4bn ($30m) loss, while counting as a Y7bn profit in the Japanese, parent accounts, translation of long-term foreign currency liabilities a Y5.6bn loss on the SEC basis and about a Y7bn plus for the parent, reserves for potential losses on plant contracts a Y1.5bn loss against an equal profit; and so on.

Sumitomo Heavy is doing badly. Sales last year on a consolidated basis were down 26 per cent to Y219.64bn ($1bn), and for the parent alone were down 30.6 per cent to Y191.94bn. The Y25.60bn consolidated net loss compares with a Y66m year-ago profit. Shipbuilding sales were down 70 per cent to Y29.50bn and export sales were cut 50 per cent to Y72.4bn.

During the year the company pared its workforce down to 8,637 from 11,124 at the end of the prior year.

About 90 per cent of the consolidated loss can be attributed to the parent company. Two other producing companies are included. Last year saw shipbuilders scrambling for orders, offering ships at 40-50 per cent below cost in many cases, in order to keep yards operating. Under Japanese accounting methods this type of loss-producing sale does not have to be entered as such immediately in the profit statement, because of the long-term nature of the contracts. The SEC requires it be recorded as a loss.

According to accountants at Coopers and Lybrand, Japanese companies using the American methods (about 100 now do) tend to increase their reported net profit when they are doing well, while Japanese methods understate the profit of healthy concerns. Conversely, companies doing badly, like Sumitomo, usually suffer in their reported figures when consolidated along U.S. lines, and are helped by the maze of Japanese accounting loopholes.

This year Sumitomo Heavy will probably break even under consolidation with sales recovering to about Y250bn.

Siemens gains by rise in orders

BY ROGER BOYES IN BONN

SIEMENS, the leading West German electrical and electronics group, raised its net profits for the first nine months of the 1978-79 year by DM 5m to DM 435m ($237m), despite the financial burden of Kraftwerk Union, its power station subsidiary.

Siemens, buoyed mainly by strong domestic demand, recorded a 6 per cent rise in new orders, an unusually high increase. There are signs, too, that the Kraftwerk, which was fully consolidated into Siemens' results for the first time last year, is having less of a depressing effect on overall order levels.

If KWU, which has been hit among other things by the collapse of its nuclear plant contract with Iran, is excluded from the latest figures, orders would have risen by 8 per cent. But this represents a steady improvement in KWU's position within the group. In the first half of the 1978-79 business year, for example, from October 1978 to September 1979, KWU depressed orders by 6 per cent.

Domestic orders in the first nine months were up by 11 per cent reaching DM 10.7bn while overseas orders grew at the more sluggish rate of 2 per cent to DM 11.3bn.

The main growth area continues to be the data and information systems division which registered a 25 per cent rise in turnover. The largest of Siemens' seven main divisions, the energy and power equipment section, showed an 11 per cent increase in turnover. Siemens' overall turnover, excluding KWU, was up by 5 per cent. Including the power plant engineering company, however. Turnover was roughly unchanged at DM 19.7bn ($10.77bn), compared to DM 19.9bn in the first nine months of 1978-79.

● Deustche Babcock AG, the West German industrial installations builder, expects "satisfactory" earnings this year following a rise in turnover of 5 per cent to DM 2.02bn in the first nine months. Last year—ended September 30—Babcock reported net profits of DM 36.5m against DM 29.29m.

Babcock's incoming orders rose 22 per cent to DM 4.46bn in the first three quarters of 1978-79. Order backlog stood at DM 10.8bn compared to DM 9.69bn a year earlier. Foreign orders made up 57 per cent of the new orders received.

SINGAPORE NEWS

Far East Levingston in the red

BY GEORGIE LEE IN SINGAPORE

THE DOWNSLIDE in the performance of Far East Levingston, the Singapore rig and shipbuilder, continued in the six months to June, contrary to expectations.

The company, which had expected to show an upturn in 1979, has again ended up in the red, to the tune of S$3m (U.S.$1.4) for the six months to June.

Far East Levingston said that the loss was suffered principally on a pipelay barge completed in June this year. This project was secured in May, 1978 against severe international competition at a low price.

The company explained that as further contracts were not secured until November and December last year, the overhead contributions which it was hoped other work would make did not materialise for half of the construction period of the pipelay barge. As a result, this vessel had to absorb a high portion of the company's overhead expenses.

The second half of the year, Far East Levingston said, will not see any improvement, as the two mini-bulk carriers to be delivered in that period have incurred losses as forecast in the 1978 accounts.

Although a S$5m loss on these vessels was provided for in the accounts, losses beyond this amount are expected by the company.

In the rigbuilding sector, which is Far East Levingston's main area of activity, the company has successfully delivered two jack-up rigs recently, making a small profit in each case. It is building two more jack-up rigs for delivery early next year.

The company feels that if recent increased activity in the oil industry spreads from its present location in the U.S. to the Middle East and Asia, it should be possible for Far East Levingston to get back into its main rigbuilding area, and bring about an upturn in its performance.

Far East Levingston's venture into shipbuilding, to preserve its technology and skills and avoid retrenchment, has proved a costly affair.

* * *

THE MAJOR Singapore Shipyard, Sembawang Shipyard, has reportedly sharply improved profits at the half-way stage. Group profits before tax for the six months to June amounted to S$19.8m (US$9.2m), for an increase of 80 per cent over the comparable period last year.

Sembawang Shipyard—which was once the British Royal Naval Dockyard, and was also at one time managed by Swan Hunter International — attributed the sharp rise to higher demand, especially from larger tankers as a result of a better shipping market.

Increase for Eastern Asia Navigation

By Philip Bowring in Hong Kong

EASTERN ASIA Navigation, the largest quoted part of Sir Yue-Kong Pao's World Wide Shipping Group, reported a 9 per cent increase in net profit before extraordinary items for the year ending March, to HK$192m (US$37m).

The results were not as good as those reported the previous day from World International, another part of the World Wide group, at which profits were up 17 per cent to HK$63.6m and a dividend increase and one-for-ten scrip issue were recommended.

However, it seems that the quoted parts of the World Wide Group have done better than the unquoted ones. The Hong Kong and Shanghai Banking Corporation annual report earlier stated that a smaller dividend had been taken from World Maritime, a major unquoted part of World Wide which is jointly owned by the HK Bank and Sir Yue-Kong's companies.

Norsk Hydro in Austrian deal

By Fay Gjester in Oslo

NORSK HYDRO, the Norwegian industrial and energy concern is seeking permission from the Norwegian oil ministry to farm out part of its shareholdings in two Norwegian sector blocks to OMV, the Austrian state oil company. It hopes for a reply from the Ministry in about a month.

A spokesman for Hydro said the company wanted to reduce its commitments on these blocks —18/10 and 2/5—in order to give higher priority to investment in acreage which it was allocated in the recent fourth round, and in fifth round acreage—north of the 62nd Parallel—which it has applied for.

Hydro's present stake in the 18/10 and 2/5 blocks is 26.8 per cent.

Aer Lingus confirms action by Dunfey Hotels

BY STEWART DALBY IN DUBLIN

AER LINGUS, the Irish state-owned airline, has confirmed that legal action is pending over the alleged agreement for the airline's wholly owned U.S. subsidiary, Dunfey Hotels, to purchase 41.7 per cent of the hotel concern CIGA (Compagnia Italiana dei Grandi Alberghi).

The company's annual general report says in a footnote "the subsidiary company has initiated legal action to counter a claim by a third party."

Elaborating on this in Dublin, Aer Lingus said that Dunfey is seeking in a petition filed in New Hampshire a declaratory judgment to the effect that there is no binding agreement on it to purchase the stake in CIGA for the Italian group, Societa Generale Immobiliare.

In May this year, SGI was reported to have said in Rome that Dunfey had agreed to purchase the stake for L61bn. Aer Lingus was unable to confirm these figures

No dates have been fixed for the hearing, Aer Lingus said. However, the report said that the lawyers of the subsidiary advise that in their opinion a sustainable claim against the company does not exist.

In the year ending March, 1979, Aer Lingus earned a net profit of I£4.02m. The biggest profit gain came from ancillary activities including hotels. Here profits rose 38 per cent to I£3.3m.

City branch for Girozentrale

By Paul Lendvai in Vienna

GIROZENTRALE, THE central institute of the Austrian savings banks network, is to open a branch in London. This will be the first time an Austrian bank has set up a proper branch in the UK. As a first step, the savings bank will set up a representative office in the City next month which in 1980 should be converted into a proper branch, with a projected staff of 20 to 25.

Another major Austrian bank, Oesterreischische Laenderbank opened a representative office in London two years ago. It claims to have increased commercial business with London by 37 per cent during the past two years.

Slightly firmer early Wall St. tendency

INVESTMENT DOLLAR PREMIUM
$3.60 to £1—24¼% (24%)
Effective $2.2680—8¼% (8¼%)

WITH INSTITUTIONAL INVESTORS continuing a programme of portfolio switching yesterday morning, Wall Street showed a slight bias to higher levels at mid-session after another large turnover but with Blue Chips looking easier for choice.

Closing prices and market reports were not available for this edition.

The Dow Jones Industrial Average was a *marginal 0.34 off at* 850.00 at 1 pm, but the NYSE All Common Index gained 11 cents more to $59.47 and rises outpaced declines by an eight-to-five margin. Trading volume came to 26.13m shares against 25.33m at 1 pm the previous day.

Analysts said traders drew some encouragement from a White House Statement that the Carter Administration is committed to a steady economic policy despite a staff projection on the economy more bleak than the official Administration forecast.

Ramada Inns topped the actives list and picked up ⅛ to $12⅛. It has received New Jersey casino control commission approval to build a hotel casino in Atlantic City, *but other regulatory* approvals are still needed.

Utilities were active. **Consolidated Edison** slipped ⅜ to $23⅞ ex-dividend, **Ohio Edison** were unchanged at $15¼ and **Florida Power and Light** added ⅜ at $27.

Bank stocks continued to harden. Among the actives, **Bankamerica** put on ⅛ to $29¼ and **Citicorp** ⅜ to $24⅝. **Wells Fargo** rose ⅛ to $32¼ and **Continental** *Illinois* ⅜ *to* $29½.

Retailers reported July sales and results were mixed. **K. Mart**, whose sales rose 13.3 per cent, added ⅛ at $26½, but **J. C. Penney**, with a 2.4 per cent rise, were unchanged at $29. **Sears** eased ⅛ to $18¾ on a 4.8 per cent sales decline.

Among Blue Chips, **U.S. Steel** slipped ⅛ to $22⅞, **Du Pont** ⅞ to $42, **General Electric** ⅛ to $51⅛ and **Chrysler**, which omitted the quarterly dividend, ⅛ on $8.

THE AMERICAN SE Market *Value Index improved* 0.94 *to* 199.48 at 1 pm on volume of 2.73m shares (2.31m).

Loews Theatres Warrants topped the Amex actives list and rose 3¼ to $24⅞. Loews is to tender for 2.5m of the Warrants at $25 each and might buy 3.5m.

Canada

Markets were firmer-inclined in active early dealings yesterday, with the Toronto Composite Index regaining 2.6 to 1,560.7 at *mid-day.*

Oils and Gas rallied 16.1 to 2,698.9 on index, but Golds declined 15.7 to 1,774.8. In Montreal, Banks put on 0.79 to 316.89, but Utilities shed *0.17 to* 228.79.

After announcing dividend increases, **Reed Stenhouse "A"** gained ⅛ to C$10 and **Great Lakes Forest** ⅜ to C$46.

Tokyo

With a mixture of fresh active selective buying and increased profit-taking occurring, stocks again closed on an irregular note yesterday but with advancing issues holding a modest lead over declines.

The Nikkei-Dow Jones Average edged ahead 6.91 to 6,329.59. Turnover was a fairly substantial 410m shares but well below Wednesday's 640m.

Shortly after the opening, Oil stocks like **Maruzen Oil** and Trading Houses such as *Nissho-Iwai* were sold on news that the Japanese Government has decided to postpone negotiations with China on the joint development of oil resources around the Senkaku Islands in the East China Sea. However, some Oil issues were repurchased near the close on speculation that China and Japan may reach an agreement in the future.

Mitsubishi Oil closed Y9 up, but **Arabian Oil** lost Y190 to Y4,060 and **Maruzen Oil** Y24 to Y356. Elsewhere among energy-related shares, **Mitsui Mining** climbed Y29 to Y680.

Honda Motor forged ahead Y13 more to Y563 for a two-day rise of Y40 on market rumours that it has succeeded in developing a new type of fuel-efficient car.

Heavy Electricals rose on good earnings prospects, with **Hitachi** gaining Y5 to Y246.

Real Estates, Chemicals and Textiles closed generally higher, along with some Light Electricals, but Shippings and Shipbuildings were mostly lower.

Real Estates, considered a good inflation hedge, were spurred on by a survey from the National Land Agency which showed that the nation's land prices increased sharply during the April-June quarter from the previous quarter with a 2.4 per cent average rise.

Germany

Further buoyed by increased foreign buying and also local interest, the market scored another good gain in fairly active trading. The Commerzbank index added 4.5 at 763.9 for a two-day advance of 10.S.

Brokers said domestic investors are finding shares attractive as interest rates on the capital mraket continue to fall.

Stores posted the best gains, wihtKarstadt rising DM6, **Neckermann** DM 4.50 and **Kaufhof** DM3. Traders attributed the sector-wide advances as a response to favourable figures released in an intermediate report by Neckermann.

Motors also advanced, **BMW** climbing DM4, and **Volkswagen** DM2.70.

Steels and Banks were broadly higher but gains rarely exceeded DM2 among the majors. Larger rises were scored by **Thyssen Industrial**, up DM3.20, **Krupp-Huette**, DM3 higher, and **Bayerische Vereinsbank**, DM2.20 firmer. **Deutsche Bank** remained unchanged at DM281 after reporting a 6 per cent decline in *operating earnings* for the first six-months.

Machines, Electricals and Chemicals were mixed. **Brown Boveri** surprised many traders with a gain of DM12, while market sources said a rise of DM5 by Schering is a positive market comment on Schering's advances in coal liquiefaction.

Public Authority Bonds were in strong demand, with Bundesbank open-market sales totalling DM86m nominal of stock (after DM82.4m sales on Wednesday) as prices rose up to 65 pfennigs more.

Paris

Activity generally remained at a low ebb with stocks failing to establish a decided trend.

Operators said, however, that there was some selective buying, encouraged by remarks from Economics Minister Rene *Monory* that French corporations should not bear the cost of higher oil prices.

Among those meeting support and closing notably higher were **Merrieux, Nobel-Bozel, UCB, Simca, Ferodo, Travaux-Marseille, Bouygues, Thomson Brandt, Michelin, Facom, CFF, Moteurs Leroy, Application-Gaz and PLM.**

Amsterdam

With a good deal of institutional buying taking place, shares were mostly in firmer *fettle.*

A strong performer for a second day was **KLM Royal Dutch Airlines**, which added Fl 2.80 at Fl 111.30. It reported a lower first-quarter profit of Fl 30.1m compared with Fl 50.3m a year-ago, but told shareholders yesterday that results for fiscal 1979-80 should show an improvement.

Hong Kong

Due to a typhoon, the banks, stock exchanges and gold markets did not open for business yesterday.

Johannesburg

Gold shares mainly picked up in fairly quiet trading following higher Bullion prices, but some *issues slipped back* a little towards the close on London selling.

Mining Financials were mixed to firmer, while Diamond leader **De Beers** advanced 8 cents to R8.25. Platinums attracted overseas interest in the wake of rising free market prices, with **Rusplat** strengthening 19 cents to R2.74. Coppers were untested and Collieries little changed.

Industrials moved irregularly in a light turnover.

Australia

Helped by a higher level of overseas interest, shares much firmer-inclined yesterday. The Sydney All Ordinaries Index rose 3.10 to 593.82.

Market leader **BHP** advanced 14 cents more to A$9.34, while **Thomas Nationwide Transport** put on 4 cents to A$1.34 and coal and engineering group *Thiess* moved ahead 8 cents to A$3.88.

Coal issues generally took a turn for the better, with **Coal and Allied** improving 10 cents to A$6.60.

Among the Base Metal Mines, **Western Mining** gained 4 cents to A$2.58, **MIM** 8 cents to A$3.44, **BH South** 4 cents to A$1.80 and **Metals Exploration** 3 cents to 63 cents.

Central Norseman Gold firmed A$1.00 to A$32.50 after New York gold prices showed signs of recovering overnight.

Among the Ashton diamond venture partners, **Northern** *Mining hardened 5 cents to* A$1.30, but **Ashton Mining** eased 3 cents to A$1.16 and **CRA** shed 2 cents to A$3.38.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are *after withholding* tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
⊕ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. ‡ Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. % *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only *y* Merger pending. * Asked. † Bid. § Trade. ‡ Seller. *z* Assumed. *xr* Ex rights. *xd* Ex dividend. *xc* Ex scrip issue. *xa* Ex all. *A* Interim since increased.

Indices

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Am. Tel. and Tel.	464,200	57⅞	[illegible]
Amerada Hess	424,400	40	[illegible]
Sterling Drug	333,400	16½	[illegible]
IBM	321,100	70	[illegible]
Valley Elec. Pwr.	317,000	12⅞	[illegible]
Fed. Express	271,000	24¾	[illegible]
Eastman Kodak	262,700	54¾	[illegible]
MGIC Investment	256,100	33½	[illegible]
Conoco	248,700	39¾	[illegible]
LTV	242,900	10½	[illegible]

AUSTRALIA

Aug. 2	Aust. $	+ or —
ACMIL (25 cents)	†0.66	-0.01
Acrow Australia	†1.01	.....
AMATIL $1	†2.52	+0.01
Ampol Exploration	†1.66	+0.01
Ampol Petroleum	†0.70	+0.01
Assoc. Minerals	†2.00	.....
Assoc. Pulp Paper $	†1.95	.....
Audimco 25 cents	†0.33	.....
Aust. Consolidated Inds.	†1.88	+0.01
Aust. National Industries	†1.72	.....
Aust. Oil & Gas	†0.80	+0.02
Bamboo Creek Gold	†0.16	.....
Blue Metal Ind.	†1.05	-0.01
Boral	†2.17	-0.05
Bougainville Copper	†2.01	+0.02
Brambles Industries	†1.63	-0.02
Broken Hill Proprietary	†9.34	+0.14
BH South	†1.80	+0.04
Carlton United Brewery	†1.82	.....
CSR ($1)	†3.44	-0.02
Cockburn Cement	†1.28	.....
Coles (G.J.)	†2.15	-0.04
Cons. Goldfields Aust.	†3.80	-0.02
Container ($1)	†2.40	+0.02
Conzinc Riotinto	†3.38	-0.02
Costain Australia	†1.60	.....
Dunlop Rubber (50 cent)	†0.85	-0.01
ESCOR	†0.80	.....
Elder-Smith	†1.92xd	.....
Endeavour Resources	†0.24	.....
E.Z. Industries	†3.28	+0.05
Gen. Property Trust	†1.61	+0.01
Hamersley	†2.52	+0.02
Hartogen Energy	†1.65	+0.05
Hooker	†0.79	.....
ICI Australia	†2.20	.....
Inter Copper	‡0.30	.....
Jennings Industries	†0.73	+0.01
Jimberlana Minerals	†1.50	-0.15
Jones (David)	†1.16	.....
Lennard Oil	†0.30	.....
Metals Exploration	†0.63	+0.05
Metramar Minerals	†0.15	.....
MIM Holdings	†3.44	+0.08
Myer Emporium	†1.55	.....
News	†2.85	.....
Nicholas International	†1.03	.....

STOCKHOLM

Aug. 2	Price Kronor	+ or —	Div. Kr.	Yld. %
AGA AB (Kr. 40)	172	+2	6	[illegible]
Alfa Laval(Kr.50)	119	.....	6	[illegible]
ASEA(Kr.50)	71	-1	5	[illegible]
Atlas Cop. Kr25	77	-1	5.5	[illegible]
Billerud	88	-4	—	[illegible]
Bofors	119	+1	6	[illegible]
Cardo	164	-5	6.5	4.0
Cellulosa	123xc	-1	15.5	4.5
Elec'lux 'B'(Kr50	104	.....	6.25	6.0
EricsonB(Kr50	126	.....	5.5	4.4
Esselte (Free)	160	-2	5.5	3.4
Fagersta	100	.....	4	4.0
Granges (Free)	49.5	.....	—	—
Handelsbanken	306	+4	18.5	6.1
Marabou	145	.....	9	6.2
Mo Och Domsjo	69	-2	2.50	3.6
Sandvik 'B' Kr100	217	-2	6.50	3.0
S.K.F. 'B' Kr.50	55.5	.....	4.5	8.1
Skand Enskilda	126	-1	9	7.1
Tandstik B(Kr50	69.5	-0.5	5	7.2
Uddeholm	58	-1	—	—
Volvo (Kr 50)	71	.....	7	9.9

VIENNA

Aug. 2	Price %	+ or —	Div. %	Yld. %
Creditanstalt	336	.....	10	[illegible]
Perlmooser	276	.....	9	[illegible]
Selecta	552	.....	38	[illegible]
Semperit	77	.....	—	—
Steyr Daimler	207	.....	9	[illegible]
Veit Magnesit	285	+4	10	[illegible]

JOHANNESBURG

MINES

August 2	Rand	+ or —
Anglo American Cpn.	8.05	+0.1[illegible]
Charter Consolidated	3.25	+0.[illegible]
East Driefontein	14.00	+0.2[illegible]
Elsburg	2.05	+0.0[illegible]
Harmony	8.70	+0.2[illegible]
Kinross	†6.50	[illegible]

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	April Vol.	April Last	Stock
AKZ C	F.27.50	—	—	2	2.50	—	—	F.28
AKZ C	F.30	45	0.90	10	1.30	—	—	"
AKZ C	F.30	2	2	—	—	—	—	"
ARB C	F.75	—	—	3	1.70	—	—	F.70.80
HO C	F.30	3	2.50	13	3	10	3.80	F.31.50
HO C	F.32.50	5	1	71	1.60	—	—	"
IBM C	$75	—	—	—	—	1	3⅝	$70
IBM C	$80	5	⅝	—	—	—	—	"
KLM C	F.100	198	11.50	60	12.70	1	13.40	F.111.50
KLM C	F.110	98	5.50	31	5.70	—	—	"
KLM C	F.120	84	1.50	63	3.40	—	—	"
KLM C	F.130	2	0.70	—	—	—	—	"
KLM P	F.100	66	1.70	—	—	—	—	"
KLM P	F.110	25	6.60	20	7.50	40	10	"
NN C	F.100	10	9.70	—	—	3	12	F.108.50
NN C	F.110	15	2.50	—	—	—	—	"
PET C	Fr.4200	6	650	—	—	—	—	Fr.4890
PET C	Fr.4400	—	—	15	900	—	—	"
PET C	Fr.4800	7	355	—	—	—	—	"
PET C	Fr.5000	6	310	1	450	2	660	"
PET C	Fr.5500	1	150	—	—	5	470	"
PHI C	F.22.50	100	2.50	—	—	—	—	F.24.10
PHI C	F.25	149	0.90	63	1.60	8	2	"
PHI C	F.27.50	16	0.30	—	—	—	—	"
RD C	F.140	10	8.60	—	—	—	—	F.146.50
RD C	F.145	148	5.50	21	8	—	—	"
RD C	F.150	88	3	10	5	—	—	"
RD C	F.160	41	1	20	2	—	—	"
RD P	F.140	17	1.60	1	2.50	—	—	"
RD P	F.145	6	4	1	4.50	—	—	"
RD P	F.150	—	—	40	7.50	—	—	"
UM C	Fr.850	9	10	—	—	—	—	Fr.768
UNI C	F.120	—	—	1	13.50	—	—	F.130.30
UNI C	F.130	3	3.50	—	—	—	—	"
		Aug.		Nov.		Feb.		
BA C	$40	2	4	3	5⅛	—	—	$44½
BAZ C	$35	20	9⅛	—	—	—	—	"
BAZ C	$40	20	3	3	6¼	—	—	"
BAZ C	$45	—	—	2	2¼	—	—	"
SLY C	$80	—	—	—	—	3	8¼	$78½

TOTAL VOLUME IN CONTRACTS 1727

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	14 %
Allied Irish Bank Ltd.	14 %
Amro Bank	14 %
American Express Bk.	14 %
A P Bank Ltd.	14 %
Henry Ansbacher	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
Bank of Credit & Cmce.	14 %
Bank of Cyprus	14 %
Bank of N.S.W.	14 %
Banque Belge Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14½%
Barclays Bank	14 %
Bremar Holdings Ltd.	15 %
Brit. Bank of Mid. East	14 %
■ Brown Shipley	14 %
Canada Perm't Trust	14 %
Cayzer Ltd.	14 %
Cedar Holdings	14 %
■ Charterhouse Japhet	14 %
Chouiartons	14 %
C. E. Coates	14 %
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
Credit Lyonnais	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
English Transcont.	14 %
First Nat. Fin. Corp.	15½%
First Nat. Secs. Ltd.	15½%
■ Antony Gibbs	14 %
Greyhound Guaranty	14 %
Grindlays Bank	‡14 %
■ Guinness Mahon	14 %
■ Hambros Bank	14 %
■ Hill Samuel	§14 %
C. Hoare & Co.	†14 %
Julian S. Hodge	15 %
Hongkong & Shanghai	14 %
Industrial Bk. of Scot.	14½%
Keyser Ullmann	14 %
Knowsley & Co. Ltd.	15½%
Lloyds Bank	14 %
London Mercantile	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ Morgan Grenfell	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Rossminster	14 %
Ryl. Bk. Canada (Ldn.)	14 %
Schlesinger Limited	14 %
E. S. Schwab	15 %
Security Trust Co. Ltd.	15 %
Shenley Trust	16 %
Standard Chartered	14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
Twentieth Century Bk.	15 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½%
Williams & Glyn's	14 %
Yorkshire Bank	14 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12%, and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

Base metals markets move higher

By John Edwards

COPPER PRICES rose for the third day in succession on the London Metal Exchange yesterday. Cash wirebars closed £11 up at £828.5 a tonne, a rise of over £30 since Monday. The upward trend was triggered off by a sharp rise in the New York market overnight, and speculative buying was further encouraged when the three months quotation moved through a chart buying point at £843. Prices subsequently came back on profit-taking, following a rise in the value of sterling, but the market rallied again in later trading.

Tin prices were rallied by a rise in Penang overnight, and the early fall in sterling.

Lead also moved ahead strongly for the third consecutive day, with further rumours of renewed Soviet buying interest. U.S. producer, Asarco, lifted its domestic lead price by 3 cents to 58 cents a lb.

London zinc values were higher following the trend in copper and lead. But more producers confirmed yesterday they were cutting their official prices both in Europe (from $845 to $780 a tonne) and in the U.S. (from 39.50 to 37 cents a lb).

Price dispute blocks agreement on cocoa pact

BY RICHARD MOONEY

THE LATEST attempt to thrash out a new international agreement to stabilise the world cocoa market has failed.

The stumbling block at the negotiating conference, which broke up in Geneva on Wednesday night, was again the issue of buffer stock buying and selling prices. But as the conference was adjourned, delegates from both the producer and consumer camps said they had come very close to agreement and were hopeful that accord will be reached when the talks resume later this year.

In a last minute bid to break the deadlock, the Jamaican conference chairman, Mr. Anthony Hill, had proposed yet another compromise formula under which the "ceiling" price at which buffer stock sales would begin would have been set at 160 cents a pound and the "floor" price, triggering sales from the stock, at 110 cents.

This proposal was rejected by the producers, most of whom had been thought ready to accept Mr. Hill's previous suggestion of a 168/112 cents price range.

On the other side, most consumer delegations were reported to be prepared to agree to a 155/105 cents range.

But the two main protagonists had other ideas. Conference sources said the U.S., the world's biggest cocoa consumer, was sticking to its demand for a 100 cent "floor," while the Ivory Coast, the world's biggest producer, wanted selling to begin at 120 cents. The current price range is 81/65 cents but the world price is about 143 cents.

At the suggestion of the producers the conference adopted a resolution that it should reconvene next month if possible, and in any event not later than the end of the year. Some consumers are believed, however, to have favoured a more flexible timing arrangement. The International Cocoa Council will probably meet early next month to extend the current pact, which was negotiated in 1975 and is due to expire on September 30.

Though the gap between producers and consumers remains considerable, delegates noted considerable progress since the previous negotiating session in February.

Producers were then seeking a "floor" of 186 cents per pound while consumers wanted it set at 74 cents. At the beginning of the latest session, the respective demands were 136 cents and 100 cents.

On the London cocoa futures market meanwhile values moved lower again encouraged by the publication of an unexpectedly-high mid-crop purchase figure in Ghana.

The Cocoa Marketing Board said it purchased 5,882 tonnes in the first two weeks of the 1978-79 mid-crop season, ending August 2.

London traders said the figures could be regarded as fairly substantial compared with a mid-crop total last year of 8,126 tonnes. Then the crop began in early June and ended on October 5. After seven weeks of the 1978 season on on July 27, the cumulative total stood at 6,317 tonnes.

The December futures position slipped to £1,415 a tonne at one stage before ending the day £17 down at £1,427.50.

Wheat down despite Soviet deal

By Our Commodities Editor

THE SURPRISE reaction of the Chicago grains futures markets yesterday to news that the U.S. had agreed to increased Soviet grain purchases was for prices to fall.

Traders pointed out that reports had been circulating the markets for some time now that Russia would be forced to step up its imports and had already been discounted.

Nevertheless, European grain markets opened higher in anticipation of a rise in Chicago and were somewhat confused when the increase failed to materialise.

A depressing influence, also widely discounted, was that the U.S. Administration had decided to scrap the "set aside" programme next year.

At the same time, latest reports suggest that the U.S. maize (corn) crop this season is likely to reach 7bn bushels (178m tonnes), instead of the 6.6bn bushels predicted last month by the U.S. Department of Agriculture, because of excellent growing conditions during the past month.

It is thought some of 10m tonnes of wheat purchases allowed to the Soviet Union up to September, 1980, may be switched later to maize, for animal feed, once the size of the U.S. maize crop is finalised.

MEXICAN AGRICULTURE

Oil riches fail to ease rural poverty

BY WILLIAM CHISLETT

MEXICO'S AGRICULTURAL production of its 10 main crops is officially forecast to increase by 3.7 per cent this year, according to the belatedly released agricultural plan for 1979.

This is 0.7 per cent above the magic and politically sensitive figure of 3 per cent—the annual population increase. So for the third year running, the Government of Mexico (population 68m) claims that food production will outstrip population growth.

Agricultural economists in the private sector, however, dispute this figure—as they do all official figures on agriculture—and believe that production will again fail to meet the increasing number of new mouths to feed every year. The population will rise by 2m this year.

With a jungle of conflicting statistics, it is impossible to say who is right. Both sides, however, do agree that the really pressing problem facing the Mexican agricultural sector is not of a food-popuation nature, but more of a social content.

This is not to belittle the importance of a country reaching self-sufficiency in food or the drain represented by food imports on the balance of payments. But Mexico's problem is more the fact that so many people depend on the land for their livelihood. Forty per cent of the population live in the countryside, many of them unemployed and in abject poverty, the rural work force only contributes 9 per cent of the GDP.

Trade figures show that the food problem is not that drastic. Last year there was an agricultural surplus of $500m. This year it will be about the same, with imports of $900m and exports of $1.4bn.

Mexico's rising oil wealth gives the country the capacity to meet its food import bills—admittedly it will be a waste to spend huge amounts of petrodollars on food instead of creating new jobs and improving inadequate social services — but what the oil money will most probably not be able to achieve is a radical improvement of the hard reality of the countryside.

This year's agricultural plan says that 17.9m hectares will be harvested this year, about the same as last year. But this is nowhere near sufficient to support the growing mass of the rural poor, 4m of whom, according to the Mexican College of Sociologists, earn only pesos 850 ($38) a year.

"Tierra y Libertad" (land and freedom) was the battlecry of the 1910 revolution which overthrew the Right Wing dictatorship of Porfiro Diaz and, importantly, land was the first concern, not freedom. The fact of the matter, which is becoming increasily clear, is that there is not enough land in Mexico to support the rural poor. But for the Government to admit this is political dynamite.

One of Mexico's leading agricultural economists estimated that 40m hectares of harvested land were needed in order for poor families to earn the minimum daily urban wage of 120 pesos ($5.4). But at the most there are 30m hectares of cultivatable and accessible land in Mexico of which half is currently used.

The 1910 revolution enshrined the sacred principle of land ownership and the Ejido System (state owned small holding) replaced the Haciendas, the large estates.

President Jose Lopez Portillo is on record as saying that if land distribution continues at its present rate, everyone will be left "with a piece of dirt."

Nevertheless, the Government has not yet seen fit to call a halt to the cornerstone of the revolution, probably because it is still a central part of the Government's rhetoric. August is always a month when land distribution is speeded up, for the President lists the year's achievements in his annual report to the nation on September 1.

While land is running out there is still a great deal of work to be done in boosting production. Mexico's yields per hectare are low and the Government is now concentrating more effort in this direction.

Mexico will import 5,000 tractors this year for its mechanisation programme and aims to rehabilitate 218,985 hectares of abandoned land and bring into the irrigation system another 276,784 hectares.

Lower cotton crop in Argentina

BUENOS AIRES — Argentina produced 466,000 tonnes of raw cotton and 140,000 tonnes of cotton lint in the 1978/79 season. This was down sharply from 714,000 and 220,300 tonnes respectively in the previous season, the Agriculture Department reported.

The drop was due to unfavourable weather—a dry spell early in the season and excessive rains in the final stages—in Chaco and Formosa provinces, it said.

Production in the last five years averaged 528,080 tonnes of raw cotton and 163,760 tonnes of cotton lint, and in the last ten years 446,630 and 137,230 tonnes respectively.

But tea production rose. The 1978/79 crop amounted to 125,000 tonnes against 103,000 tonnes in 1977/78—still 11.8 per cent down on average output for the last five years, however, the department added.

Reuter

Record imports hit egg market

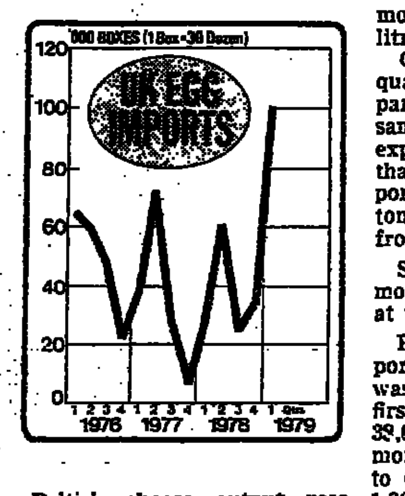
BY CHRISTOPHER PARKES

UK IMPORTS of eggs leapt to a record 100,000 boxes of 30 dozen each in the first quarter of this year, Ministry of Agriculture figures show. Total imports for the whole of last year were 145,000 boxes, and were only 27,000 in the first quarter.

Although figures are not complete, imports since the end of March are understood to have accelerated even further. Shipments from France recently approached 40,000 boxes a month and sold here at about £1 a box cheaper than UK eggs.

The effect of these imports has been to further depress prices to British farmers. They have been over-producing for about two years and selling at a loss for much of that time.

Prices have been kept relatively stable lately through increased exports, but as the pound has strengthened this trade has become more difficult. During the quarter, exports reached 275,000 boxes compared with 258,000 boxes in the same period in 1978.



British cheese output rose sharply in the early part of this year while production of butter stabilised at about last year's levels. Liquid milk sales, including school and welfare milk, rose slightly in the first three months of the year to 1.829m litres compared with 1.813m.

Cheese production in the quarter was 52,300 tonnes, compared with 44,200 tonnes in the same part of 1978. Imports and exports also increased. More than 31,000 tonnes were imported compared with 25,000 tonnes and sales abroad climbed from 2,700 to 3,600 tonnes.

Stocks at the end of the three months—89,900 tonnes—were at their lowest since 1976.

Production, imports and exports of butter all fell. Output was 300 tonnes lower than in the first three months of 1978 at 39,600 tonnes, but imports fell more dramatically from 90,000 to 67,000 tonnes. Exports were 1,000 tonnes lower at 6,000 and offtake slumped from 93,000 to 86,000 tonnes.

EEC grain consumption to decline

By Our Commodities Staff

CONSUMPTION of grain in the European Community is expected to fall 2.5m tonnes in the 1979-80 season because of the reduction in the number of livestock on farms.

Despite this, imports are forecast to rise from 20.4m to 21m tonnes, the Home-Grown Cereals Authority says in its latest review.

EEC production from the harvest just starting is estimated at between 104m and 107m tonnes, well down on the 115.6m tonnes produced last year.

The reduced harvest is also expected to hit exports and sales abroad are forecast at 11m tonnes compared with 12.9m tonnes last season.

Latest estimates put the EEC wheat harvest at 37.8m tonnes compared with 43.28m and barley output should be 36.6m tonnes against 38.7m.

Russia seeks Norway fishing boost

BY FAY GJESTER

RUSSIA IS seeking the right to increased fishing in Norway's no-trawl zones in exchange for observing fishery conservation measures recommended by the International Council for the Exploration of the Sea.

The Russian request, made in Oslo this week during talks between the two countries' fishery ministers, has taken the Norwegian Government by surprise.

Mr. Eivind Bolle, the Norwegian Minister is expected to tell the Russians that he will have to discuss the matter with fishing industry representatives before he can give them an answer.

ICES has warned that stocks in Arctic waters have been heavily over-fished in recent years, to the extent that some species are now seriously threatened. It has recommended increases in minimum net mesh size and sharp reductions in total catch quotas for Arctic cod, haddock and red fish.

The Russians, while accepting the need for conservation, say the proposed measures would be unfair as they take most of their cod catch in the eastern part of the Barents Sea, where the population is younger, and smaller, than in Norway's zone.

The Ministers' discussions this week were to have prepared the ground for a meeting later this autumn of the Norwegian-Russian Fisheries Commission, which fixes annual catch quotas for the two countries. But Norway will have to reach a decision about the Russian proposals before the autumn meeting.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Gained further ground on the London Metal Exchange following a sharp rise in overnight U.S. markets, the initial downturn in sterling and [illegible] buying. Forward metal opened around the £840 level and moved through a chart point at £843 in the second ring to touch £847. In the afternoon a firm opening on Comex saw the price here push ahead to £848 before profit-taking and a rally in sterling depressed values to £838. However, on the late kerb and in the late inter-office dealings it rose afresh to trade around £847. Turnover, 26,925 tonnes.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Wirebars				
Cash	830.5-1	+17.5	828-9	+11
3 months	842-.5	+15.2	840.5-1	+10.2
Settlem't	831	+17.5	—	......
Cathodes				
Cash	804-5	+15	801-3	+10.5
3 months	824-5	+15	821-3	+9
Settlem't	804	+14	—	......
U.S. Smt.	—	......	*84-87	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £841, 42, 46, 46, 45.5, 46, 45.5, 47, 48, 45, 44, 43.5, 43, 42. Cathodes, cash £804. Kerb: Wirebars, three months £842, 41, 42, 43. Afternoon: Wirebars, three months £848, 47, 46, 45, 47, 48, 47.5, 48, 45, 44, 43, 42, 41, 40, 40.5. Kerb: Wirebars, three months £839, 40, 41.5, 42.

TIN—Higher owing to a strong rise on the Penang market coupled with fresh demand and a weaker sterling. After opening around £6,640 forward material dipped to £6,600 before rallying to close the late kerb at £6,625. Turnover, 625 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	6590-60	+35	6610-20	+70
3 months	6610-30	+57.5	6650-45	+77.5
Settlem't	6600	+35	—	......
Standard				
Cash	6590-60	+35	6610-20	+70
3 months	6600-10	+52.5	6625-30	+80
Settlem't	6600	+35	—	......
Straits E.	‡$1926	+49	—	......
NewYork	—	......		......

Morning: Standard, cash £6,600, 6,580, three months £6,640, 20, 10, 6,600, 10. Kerb: Standard, three months £6,600. Afternoon: Standard, cash £6,610, 25, 10, three months £6,610, 20, 30, 25. Kerb: Standard, three months £6,630, 25, 20, 25.

LEAD—Moved ahead from £502 on the early pre-market to the day's high of £515.5 before closing the late kerb at £514.5 following short covering and fresh buying. Turnover, 10,425 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unoffici'l	+ or −
	£	£	£	£
Cash	521-2	+14	528-30	+18
3 months	511-2	+14.2	515-6	+18
S'ment	522	+14	—	......
U.S. Spot	—	......	*58-62	......

Morning: Cash £523, 22, 21, three months £512, 11, 10. Kerb: Three months £511, 10, 11. Afternoon: Three months £511, 12, 14, 15. Kerb: Three months £514, 15.

ZINC—Higher with sentiment aided by the gains in copper and lead. After opening at £308 forward metal rose to £319 owing to stop-loss buying before easing to close the late kerb at £315.5. Turnover, 5,225 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unoffici'l	+ or −
	£	£	£	£
Cash	299.5-301	+7.75	306-8	+8.75
3 months	311-2	+8	318-20	+12.5
S'ment	301	+8	—	......
Prim w'st	—	......	*39.5	......

Morning: Three months £313, 12, 11.5. Kerb: Three months £310, 11. Afternoon: Three months £312, 14, 15, 16. Kerb: Three months £319, 16, 15, 14, 17.

ALUMINIUM—Barely changed on balance with forward metal finally quoted at £669, after £679, mainly following the path of sterling. Turnover, 6,450 tonnes.

Alumin'm	a.m. Official	+ or −	p.m. Unoffici'l	+ or −
	£	£	£	£
Spot	674-7	+2	672-4	+1
3 months	670-2	+3.5	668-9	+1

Morning: Three months £676, 71. Kerb: Three months £671.5, 73. Afternoon: Three months £677, 76, 72, 70, 68, 69. Kerb: Three months £669.

NICKEL—Easier in quiet trading as lack of interest saw forward metal dip from £2,620 to close the late kerb at £2,580. Turnover, 1,758 tonnes.

NICKEL	a.m. Official	+ or −	p.m. Unoffici'l	+ or −
Spot	2470-85	−107	2490-500	−60
3 months	2550-60	−85	2560 5	−62.5

Morning: Three months £2,620, 2,580, 70, 60, 50, 60. Kerb: Three months £2,570. Afternoon: Cash £2,510, three months £2,590, 80, 70, 65, 60, 55. Kerb: Three months £2,570.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 2.1p an ounce lower for spot delivery in the London bullion market yesterday at 402.5p. U.S. cent equivalents of the fixing levels were: spot 912.5c, up 3.0c; three-month 930.7c, up 6.0c; six-month 950.0c, up 5.9c; and 12-month 982.8c, up 7.3c. The metal opened at 401½-402½p (910-912c) and closed at 397-398p (900-902c).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. close	+ or −
Spot	402.50p	−2.10	395.25p	−1.65
3 months	413.50p	−1.7	405.75p	−2
6 months	424.50p	−1.7	—	......
12months	442.80p	−1.7	—	......

LME—Turnover 182 (282) lots of 10,000 ozs. Morning: Three months 413.5, 12.2, 12. Kerbs: Three months 413.3, 11, 12, 11.7. Afternoon: Three months 409, 8.7, 8.3, 8.5, 8, 7.5, 7, 7.2, 7, 6.1, 6. Kerbs: Three months 405.8, 5.5, 6, 6.5, 7, 6.5, 7.4.

COCOA

Cocoa futures were barely steady throughout a featureless day, weakening initially against the Ghana mid-crop purchase figure before short-covering pared losses, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
Sept.	1361-1362	−18.0	1367-1347
Dec.	1427-1428	−17.0	1437-1415
March	1475-1476	−15.0	1485-1464
May	1502-1503	−16.5	1510-1498
July	1525-1533	−18.0	1535-1523
Sep.	1555-1565	−15.0	—
Dec.	1585-1593	−25.0	1595

Sales, 1,659 (4,649).

International Cocoa Organisation (U.S. cents per pound). Daily price, Aug. 1: 142.24 (143.15). Indicator price for Aug. 2: 15-day average 144.75 (145.08); 22-day average 146.88 (147.51).

COFFEE

Robustas opened slightly higher as expected but some early dealer and Commission House selling contributed towards an easier but quiet morning session, reported Drexel Burnham Lambert. After an early decline of £20 which reflected lower than forecast C Contract prices the market remained fixed in a tight range for most of the afternoon and values finisehd £8-£26 lower on the day.

COFFEE	Yesterdays Close	+ or −	Business Done
	£ per tonne		
September	1719-1720	−8.0	1740-1606
November	1732-1755	−25.0	1764-1720
January	1730-1732	−24.5	1763-1720
March	1683-1788	−25.5	1720-1680
May	1680-1683	−17.0	1705-1675
July	1668-1670	−22.0	—
Sept.	1655-1680	−11.0	—

Sales: 3,698 (4,757).

ICS indicator prices for August 1 (cents per pound): Other Mild Arabicas 195.0 (192.83); Robustas ICA 1976 180.50 (180.0); ICA 1968 180.75 (180.25); Columbian Mild Arabicas 207.0 (206.50); Unwashed Arabicas 192.0 (191.0). Comp. daily ICA 1968 191.25 (190.31).

GRAINS

The market opened unchanged to 10p lower but found follow through selling as the psychological barrier of September barley at 8700 had been breached the previous night. Despite persistent dealer buying values on barley dipped to 30 points lower where some short-covering appeared on the close and the barley complex closed between 5-20 points lower—wheat found good support on the dips and losses of 20 points were reversed by the close where values were unchanged to 5 points lower, Acli reported.

WHEAT Mnth	Yesterd'ys close	+ or −	BARLEY Yesterdys close	+ or −
Sept.	91.55	......	86.70	−0.20
Nov.	95.55	−0.05	90.80	−0.20
Jan.	99.90	−0.05	95.30	−0.15
Mar.	103.30	−0.05	98.85	−0.15
May	106.70	−0.05	102.10	−0.05

Business done—Wheat: Sept. 91.55-91.35, Nov. 95.55-95.40, Jan. 99.90-99.80, March 103.30-103.20, May 106.60-106.60. Sales: 157. Barley: Sept. 86.75-86.60, Nov. 90.85-90.75, Jan. 95.40-95.15, March 98.85-98.80, May 102.00-102.00. Sales: 335.

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark North Spring No. 2 14 per cent Aug. 93.50, Sept. 94.50, Oct. 95.75, transhipment East Coast. U.S. Hard Winter 13½ per cent Aug.-Sept. 96.50 transhipment east coast. EEC unq. Maize: U.S./French Aug. 107, Sept. 109, transhipment east coast. S. African White unquoted. S. African Yellow Aug. 82.00 nominal. Barley: English Feed fob Oct.-Dec. 92 east coast. Sorghum: U.S./Argentine unquoted. Oats: Scandinavian feed unquoted.

HGCA—Location ex-farm spot prices. Feed Barley: Hampshire and W. Sussex 82.61. N. Lincolnshire 82.86.

The UK Monetary Coefficient for the week beginning August 6 is expected to decrease to 1.00.

WOOL FUTURES

BRADFORD—Weaker Sterling earlier this week, together with an increase in inquiry, helped lift average Bradford top quotations. Particularly in the crossbred area.

LONDON GREASY—Close (in order buyer, seller only). Oct. 218.0, 33.0, Dec. 218.0, 38.0, March/May/July/Oct. and Dec. all 228.0, 38.0.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller only). Oct. 181.0, 83.0, Dec. 181.0, 83.0, March 180.0, 89.0, May/July/Oct. and Dec. all 180.0, 91.0.

SYDNEY GREASY—Close (in order: buyer, seller, business, sales): Micron Contract: Oct. 405.0, 406.5, 470.0-406.0, 39; Dec 412.5, 413.5, 414.5-413.0, 48; March 422.5, 423.0, 424.0-423.0, 42; May 424.0, 425.0, 424.5-424.0, 26; July 425.0, 426.5 428.0-427.0, 26; Oct. 426.0, 427.0, 428.0-428.0, 10; Dec. 428.0, 430.0, 430.0-430.0, 5. Sales: 196.

RUBBER

The London physical market opened easier with little physical interest at lower levels, closing on a quiet note. Lewis and Peat reported a Malaysian godown price of 285 (290 nom.) cents a kilo (buyer, September).

Sales: 281 (395) at 15 tonnes, 2 at 5 tonnes.

No. 1 R.S.S.	Yesterd'ys Close	Previous Close	Business Done
Sept.	58.00-58.25	58.00-58.30	58.25
Oct.	58.60-59.00	58.10-59.00	—
Oct-Dec	59.30-59.50	59.50-59.75	59.75-58.45
Jan-Mar	62.25-62.30	62.10-62.15	62.45-61.55
Apr-Jne	64.55-64.60	64.55-64.60	64.85-65.50
Jly-Sept	67.00-67.05	67.00-67.25	67.00-66.85
Oct-Dec	69.50-69.55	69.40-69.45	69.55-69.50
Jan-Mar	72.00-72.10	71.85-71.95	72.05-71.50
Apr-Jne	74.50-74.68	74.30-74.50	—

Physical closing prices (buyer) were: Spot 57.25p (57.50p). Sept. 62.75p (62.50p); Oct. 63.25p (62.75p).

SOYABEAN MEAL

The London market opened £1 higher on fresh speculative buying. The market remained steady throughout the session to close at around opening levels, reported T. G. Roddicks.

	Yest'rd'y Close	+ or −	Business Done
	£ per tonne		
August	108.50-10.0	+0.20	110.00
October	114.50-15.0	+0.05	115.70-14.60
December	118.80-18.7	+0.70	119.50-18.50
February	120.60-21.1	+0.55	121.40-20.50
April	121.50-25.5	+0.50	—
June	125.00-25.5	+1.0	—
August	124.00-28.0	+1.0	—

Sales: 58 (71).

SUGAR

LONDON DAILY PRICE (raw sugar): £95.0 (£94.0) a tonne cif for Aug.-Sept. shipments. White sugar daily price was £100.50 (£101.0).

Prices moved ahead over the day in moderate trading conditions and final quotations were the high points, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Oct.	104.95-05.00	103.60-03.70	105.10-03.35
Dec.	109.85-09.90	108.65-08.70	110.00-08.75
March	117.25-17.35	116.15-16.20	117.50-16.00
May	120.60-20.75	119.85-19.90	120.75-19.75
Aug.	124.75-25.00	123.75-24.25	125.00-24.50
Oct.	129.00-28.25	127.75-28.50	129.00-28.25

Tate and Lyle ex-refinery price for granulated basis white sugar was £279.55 (same) a tonne for home trade and £185.0 (£164.0) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for Aug. 1: Daily price 8.29 (8.11); 15-day average 8.46 (8.48).

WHITE SUGAR—Close (in order buyer, seller, business, sales). Sept. 101.00, 103.00, 102.00, 5; Nov. 105.75, 106.00, 106.00, 21; Feb. 113.00, 116.00, nil, nil; April 117.00, 121.00, nil, nil; July 121.00, 126.00, nil, nil; Sept. 125.00, 129.00, nil, nil; Nov. 128.00, 134.00, nil, nil. Sales, 26.

MEAT/VEGETABLES

SMITHFIELD—pence per pound. Beef: Scotch killed sides 62.0 to 67.0, Eire hd. qtrs. 75.0-79.0, f. qtrs. 39.0-41.0. Veal: Dutch hinds and ends 95.0-98.0. Lamb: English small 53.0-62.0, medium 56.0-60.0, heavy 52.0-58.0, Scotch medium 52.0-60.0, Imported frozen—N.Z. PL 48.5-50.0, PM 48.0-48.5. Pork: English, under 100 lbs 35.0-43.0, 100-120 lbs 34.0-42.0, 120-160 lbs 34.0-41.0.

MEAT COMMISSION—Average fatstock prices at representative markets on August 2. GB cattle 80.04p per kg. l.w. (−0.85). UK sheep 143.3p per kg. est.d.c.w. (−1.1). GB pigs 59.0p per kg. l.w. (−1.71). England and Wales: Cattle numbers down 10.1 per cent, average price 79.58p (−0.57). Sheep numbers up 36.0 per cent, average price 143.4p (−0.9). Pig numbers up 5.0 per cent, average price 59.09p (−1.7). Scotland: Cattle numbers down 13.4 per cent, average price 81.39p (−1.62). Sheep numbers no comparable average price 139.9p (no comparison).

COVENT GARDEN—Prices in sterling per packet except where otherwise stated. Imported Produce: Oranges—S. African: Valencias 4.60-6.30; Brazilian: 3.60-3.80; Californian: 6.00-6.40. Lemons—Italian: 100/120s 5.50-5.60; Spania: Trays 30/40/45 2.10-2.60; Argentine: 88/100/113 6.20-7.00. Grapefruit—Jaffa: Summer crop 4.30; S. African 27/72 3.70-5.70. Apples—S. African: Granny Smith 5.80-6.50, Starking 4.00, Yorks 5.00-5.50, Golden Delicious 6.00-6.50; New Zealand, Red Dougherty 6.20-6.50, Granny Smith 7.30-7.80, Sturmers 5.00. Tasmanian: Sturmer Pippins 4.00-4.50, Crofton 5.50-6.00, Starking 5.20-6.00, Granny Smith 5.00-5.20; Victorian: Granny Smith 7.00-7.50, Democrats 6.00; Italian: Rome Beauty 0.09, Democrats, per pound 0.09. French cardinals 0.06 per pound. Pears — Spanish: Limoneras 0.14, Williams 16 17; French: Guyots 28 lbs 2.60-2.80; Italian: Guyots 14.00. Plums—Spanish: Santa Rosa 2.40-3.60; Italian: Burbanks 0.25-0.30; Cyprus: Cardinal, per pound 0.35, Sultana 0.25-0.28, Thompson 0.35, Alphonse 0.40, Rosaki 0.40. Nectarines—Italian: C/B/A 4.00-6.00. Bananas — Jamaican: Per 26 lbs 4.40. Avocados—S. African: 3.50-3.80. Melons—Spanish: Yellow honeydew 10-kilos 5/14s 2.50-3.20. Water-Melons—Spanish/Greek: Per box 2.20-2.60. Onions — Spanish: 4.50-5.60; Maltese: 4.20-4.30. Tomatoes—Jersey: Per tray 1.70-2.00; Dutch: 1.80-2.00; Guernsey: 1.80-2.00. Cabbages—Dutch: White, net 6.00-6.40. Potatoes—Cyprus: 3.60; Jersey: Per pound 0.07½. Capsicums—Dutch: 2.80. Peaches—Italian: 1½ trays C's 2.00-2.20, B's 2.40-2.60, A's 2.50-2.80. English Produce: Potatoes—New crop per bag 1.90-2.30. Lettuce—Per 12 round 1.00-1.20. Cos 1.40, Webb's 1.40. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramley 0.05-0.10. Grenadiers 0.05-0.07. Tomatoes—Per pound 1.50-2.00. Cucumbers—Trays 8/18's 1.40-1.60. Cauliflowers—12's Lincoln 1.00-1.20. Celery—Boxes 12/30's 2.20-2.20, large cartons 20/24's 3.60-2.80. Gooseberries—Per pound 0.20. Levellers 0.25-0.30. Cherries—Per pound 0.50-0.60. Peas—Per pound 0.3-0.9. Broad Beans—Per pound 0.3. Onions—Per bag 4.00-4.30. Carrots—Per bunch 0.06, per bag 1.00-1.70. Beetroot—Per bag 1.50-1.60. Marrows—Per 18's 1.50-1.80. Capsicums—Per pound 0.20. Swedes/Turnips—Per 25/28 lbs 1.60-1.70. Beans Stick—0.24-0.28. Runners—0.12-0.20.

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 2 1979	+ or −	Month ago
Metals			
Aluminium	£710/50	......	£710/50
Free Mkt (cs)	$1490/1510	......	$1,510/50
Copper			
Cash w'bar	£828.5	+11	£823.5
3 mths "	£840.75	+10.25	£885.25
Cash Cathode	£802	+10.5	£803
3 mths "	£822	+9	£818.5
Gold troy oz.	$286.875	−1.0	$283.625
Lead cash	£529	+18	£630.0
3 mths	£515.5	+18	£594.5
Nickel	£2854	−224	£3,225.4
Freemkt(cif)lb	$255/275c	......	250/75c
Platin'mtr'y oz	£165.5	......	£165
Free mkt	£169.45	+0.20	£189.0
Quicksil'ver	$290/310	......	$285/300
Silver troy oz	402.50p	−2.10	392.6p
3 months	413.50p	−1.70	403.8p
Tin Cash	£6,615	+70	£7,810
3 mths	£6,627.5	+80	£6,995
Tungsten	$143.12	......	$141.61
Wolfrm 22.04 cif	$134/140	......	$140/145
Zinc cash	£307	+8.75	£338.5
3 months	£319	+12.5	£350.75
Producers	$780	......	$845
Oils			
Coconut (Phil)	£1,050x	......	$1,185
Groundnut	‡		‡
Linseed Crude	£395	......	£400
Palm Malayan	$657r	+2.5	$681.5
Seeds			
Copra Philip	$710y	......	$735
Soyabean (U.S.)	$316.z	−0.8	$321
Grains			
Barley Futures	£90.80	−0.20	£92.05
Maize			
French No3AM	£107.0p	−0.5	£107.5
Wheat			
No. 1 Red Spg.	£95.50p	+2.25	£97.25
No2HardWint.	£96.50s	+0.75	£99.5
Eng. Millingt	‡	......	‡
Other commodities			
Cocoa ship't	£1,456.5	−18	£1,631.5
Future Dec.	£1,427.5	−17	£1,531.5
CoffeeF't'r Nov	£1,733.5	−25	£2,022.5
Cotton A.Index	77.05c	+0.15	76.55c
Rubber (kilo)	57.25p	−0.25	61.0p
Sugar (Raw)	£95.0	+1.0	£100.0
Wooltp's 64s kl	263p	+1	271p

* Nominal. † New crop. ‡ Unquoted. in tonnes, unless otherwise stated. p August. s Aug.-Sept. r Sept. w Sept.-Oct. x Oct. y Oct.-Nov. z Indicator § Buyer.

AMERICAN MARKETS

NEW YORK, August 2

THE PRECIOUS metals came under further selling pressure on Commission House liquidation and dealer selling encouraged by the lack of buying interest. Copper closed firm on continued buying interest by Commission Houses and trade. The grains and soya complex registered moderate to heavy losses on expectations of an upward revision in next week's crop report based on favourable growing conditions. The livestock complex closed mixed on short-covering in hogs and bellies and heavy commercial selling pushed cattle sharply lower. Cocoa closed lower on higher than expected Ghana arrivals, while the losses in coffee were attributed to trade selling and lack of producer support. Sugar was firm on reports of a large sale to Venezuela of white sugar, Heinold reported.

Copper—Aug. 84.85 (83.45); Sept. 85.45 (84.05), Dec. 86.15, Jan. 86.25, March 86.60, May 86.80, July 87.00, Sept. 87.20, Dec. 87.40, Jan. 87.45, March 87.50, May 87.55, July nil.

*Gold—Aug. 286.00 (290.90), Sept. 288.00 (292.50), Oct. 290.30, Dec. 295.50, Feb. 300.50, April 305.50, June 310.40, Aug. 315.10, Oct. 319.80, Dec. 324.50, Feb. 329.00, April 333.50.

Potatoes (round whites)—Nov. 64.21-65.41 (65.01), March 85.81-86.01 (87.0), April 10.30-10.35, May 12.30-12.32.

§Silver—Aug. 893.1 (908.0), Sept. 900.5 (916.0), Oct. 908.5, Dec. 922.0, Jan. 928.5, March 941.7, May 954.7, July 967.6, Sept. 980.5, Dec. 999.5, Jan. 1006.0, March 1019.0, May 1032.0. Handy and Harman bullion spot 897.00 (894.50).

Tin—688.0-705.0 asked (683.0-700.0).

CHICAGO, August 2.

Lard—Chicago loose 25.00 (25.25). New York prime steam unavailable.

Live Cattle—Aug. 57.70-57.65 (58.97-57.67), Oct. 57.00-56.90 (57.90-56.95), Dec. 58.50-58.70, Jan. 59.85, Feb. 59.70-60.30, April 62.90-62.85, June 64.70-64.90, Aug. 64.00-63.90, Oct. 63.80, Dec. 64.60. Sales: 30,752.

Live Hogs—Aug. 34.32-34.65 (34.02-34.72), Oct. 32.10-31.90 (31.42-32.00), Dec. 33.20-33.00, Feb. 34.60-34.70, April 33.90, June 38.20-38.00, July 38.50, Aug. 37.20-37.15. Sales: 6,190.

‡‡Maize—Sept. 278½ (289¼), Dec. 275¼ (285¼), March 283¾, May 287¼-287½, July 288½-289, Sept. 287½.

Pork Bellies—Aug. 29.25-29.10 (27.80-29.17), Feb. 38.85-39.15 (37.70-39.00), March 39.05-39.60, May 40.30, July 41.65, Aug. 40.70. Sales, 8,289.

Silver—Aug. 889.5 (903.2), Sept. 895.0 (910.0), Oct. 904.5-903.0, Dec. 919.0-918.2, Feb. 932.5, April 945.0, June 957.5, Aug. 970.5, Oct. 983.0, Dec. 996.0, Feb. 1,009.5, April 1,022.0, June 1,036.5, Aug. 1,050.5, Oct. 1,064.0, Dec. 1,078.5, Feb. 1,093.0, April 1,107.5, June 1,122.5, Aug. 1,137.5.

‡Soyabeans—Aug. 722-721 (720½), Sept. 720 (720¾), Nov. 711½-713, Jan. 723½-724, March 737, May 743, July 747-748, Aug. 745.

‡Soyabean Meal—Aug. 191.50-191.00 (191.30), Sept. 193.20-193.00 (193.20), Oct. 193.50, Dec. 194.80-195.00, Jan. 196.30, March 197.80-198.20, May 199.50, July 199.50-199.00, Aug. 200.50-201.00.

Soyabean Oil—Aug. 27.50-27.45 (27.68), Sept. 26.85 (26.97), Oct. 26.40-26.45, Jan. 26.10, Dec. 26.10-26.05, March 26.10-26.15, May 26.20, July 26.30, Aug. 26.15, Sept. 26.10-26.25.

‡Wheat—Sept. 415-414 (421¾), Dec. 419-419½ (426¾), March 422½-423, May 421-422, July 399, Sept. 403.

WINNIPEG, August 2. §Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 227.40 (228.30).

*Platinum—Aug. 383.00 (388.00), Sept. 382.00 (389.00), Oct. 380.10, Jan. 383.50, April 390.00, July 397.20, Oct. 403.20, Jan. 409.20.

§Barley—Oct. 95.20 (95.80), Dec. 94.50 (95.60), March 96.60, May 96.40.

Coffee—"C" Contract: Sept. 197.48 (201.53), Dec. 188.32 (192.82), March 185.32, May 185.12, July 182.00, Sept. 179.39, Dec. 177.00.

Orange Juice—Sept. 104.90 (104.45), Nov. 103.00 (102.75), Jan. 102.90, March 103.60, May 104.25, July 104.80, Sept. 104.90, Nov. 105.10, Jan. 105.40.

Sugar—No. 11: Sept. 8.80 (8.53), Oct. 9.09 (8.91), Jan. 9.75, March 10.22, May 10.52, July 10.80, Sept. 11.13, Oct. 11.28.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, August 2.

Wheat—U.S. No. Two Dark Hard Winter wheat 13.5 per cent Aug $199. U.S. Hard Winter Wheat ordinary unquoted. U.S. No. Two Red Winter wheat Sept. $187, Oct. $192. U.S. No. Two Northern Spring wheat 14 per cent Aug. $193, Sept. $193.50, Oct. $196, Nov. $198.

Maize—U.S. No. Three Corn Yellow April $152.50, Aug. $141-141.50, Sept. $144.50, Jan./March $151.50-$152/$152.50 traded, April $143, July $141, Sept. $144.50, Oct./Dec. $145.50, Jan./March $153, April/June 154.75 sellers.

Soyabeans—U.S. Two Yellow Gulf ports Aug. $309.75, Sept. $308.95, Oct. $295.50, Nov. $295, Dec. $300.50, Jan. $303.60, Feb. $307, March $307.75, April $309.75, May $310.25, June $311.25. Brazil Yellow Faq unquoted. Argentine July $298, Aug. $300 Gulf ports, Oct $294.90, Dec. $300 paids.

Soyameal—44 per cent protein U.S. Aug. $235, Sept. $238.50-$240.50 traded, April $230, Aug. $235, Sept. $240, Oct. $243.75, Nov./March $249.75, April/Sept. $252. Brazil Pellets—April $229 traded, April $229, mid-July/mid-Aug. $235, Aug $240, Sept. $245, Oct. $251, Nov. $257 sellers.

PARIS, August 2.

Cocoa (FFr per 100 kilos)—Sept. 1,307-1,312, Dec. 1,345-1,351, March 1,391-1,400, May 1,410-1,430, July 1,320, Sept. 1,425. Sales at call 5.

Sugar (FFr per 100 kilos)—Oct. 990-991, Nov. 985-995, Dec. 1,045-1,050, March 1,135-1,140, May 1,165-1,170, July 1,175-1,190, Aug. 1,185-1,200, Oct. 1,200-1,225. Sales at call 14.

INDICES

FINANCIAL TIMES

Aug. 1	July 31	M'nth ago	Year ago
279.70	278.92	294.04	235.72

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	Aug. 1	July 31	Month ago	Year ago
Spot	398.62	398.99	411.93	355.39
F'tur's	406.68	404.32	409.81	342.43

(Average 1924-25-26=100)

MOODY'S

Aug. 1	July 31	M'nth ago	Year ago
1060.8	1059.2	1072.6	916.9

(December 31, 1931=100)

REUTERS

Aug. 2	Aug. 1	M'nth ago	Year ago
1537.7	1533.3	1595.8	1422.8

(Base: September 18, 1931=100)

Bid situations claim attention in another slow day
Share index down 1.1 at 455.7—Gilt-edged steady

Account Dealing Dates
Option

First Dealings	Declarations	Last Dealings	Account Day
July 16	July 26	July 27	Aug. 6
July 30	Aug. 9	Aug. 10	Aug. 20
Aug. 13	Aug. 23	Aug. 24	Sept. 3

* "New time" dealings may take place from 9.30 am two business days earlier.

Situation stocks and company trading statements claimed most of the attention in stock markets. Business was again painfully thin, and prices in all three main sections moved within narrow limits. Gilt-edged, in fact, ended at the previous closing levels apart from the shorts which hardened by ¼ or ½: the rise in the UK's currency reserves had no apparent impact on sentiment.

Values of leading shares barely strayed from the overnight close, the FT 30-share index ranging between a little over two points with a rise of 1.2 at 11 am being whittled away to a close of 455.7 for a net loss on the day of 1.1. Following shortly after the CBI's similar warning, the Bank of England's concern about the decline in UK industry's profitability and a consequent depression in industrial investment did little for the confidence of potential buyers. However, little selling of any consequence developed and rises were again in a majority, of 3-to-2, in all FT-quoted industrials.

A struggle for control of **Berwick Timpo** was set in motion by the 75p per share offer from **Charterhouse Japhet** and associates and the immediate rejection from the Berwick Timpo Board. **Lindustries** announced that the bid from **Hanson Trust** is unacceptable and the shares promptly moved above the terms of the offer, while other bid stocks to improve included **Bernard Sunley** and **Bestobell**. Prominent weak spots took in **Brentnall Beard**, on news of a sale of assets to a competitor, and **MK Electric**, following the chairman's profits warning.

At 14,071, the bargains total was at its lowest since this measure of market volume was introduced on June 4 last.

British Funds traded on a steady to firm note. In contrast to the recent pattern of trade, the emphasis switched to the short-end of the market where prices moved quietly ahead on sporadic buying interest to close with gains extending to ¼. Long-dated stocks, however, fluctuated narrowly around overnight closing levels before finishing the day without alteration. Overall trading conditions were quiet.

A large institutional business which more than compensated for the marked absence of arbitrage trade helped the investment currency premium move forward to close a fraction harder at 24½ per cent. Yesterday's SE conversion actor was 0.9238 (0.9203).

Wednesday's flurry of activity in Traded options proved to be brief, just 148 contracts being completed yesterday. Only four issues reached double figures with **RTZ** the most active with 56 deals.

Brentnall Beard down

Brentnall Beard became a notable casualty in Insurances, falling 4 to 16p, after 14p, on the announcement that the company is selling an insurance broking subsidiary to **Hogg Robinson** for a mere £1.1m: the latter put on 3 to 86p. Elsewhere, **C. E. Heath** added 10 to 180p and **Willis Faber** rose 6 to 200p. Among Composites, **Sun Alliance** improved 10 to 532p and **General Accident** 6 to 210p: the latter's interim results are due on August 15.

Quietly firm conditions prevailed in Home banks; **Midland** hardened 3 more to 358p as did **NatWest**, to 328p. Still reflecting the disappointing interim results, **Grindlays** cheapened 3 more to 92p, making a fall on the week so far of 18: the group does not have any interests in Nigeria as stated here yesterday.

Small buying left selected Brewery leaders slightly firmer after another quiet session. **Belhaven** held at 43p in front of today's full-year results and **Matthew Clark**, long a takeover favourite, put on 2 at 144p. Dorset brewers **Eldridge Pope** came in for support and closed 4 up at 316p. Distilleries also tended narrowly firmer, **Irish**, at 75p, recovering 3 of recent falls stemming from the weakness of the punt.

Significant movements in Buildings were few, but **Heywood Williams** put on 6 to 83p following the chairman's confident remarks at the annual general meeting, while recently dull **Burt Boulton** rallied 10 to 180p in a thin market. Interest was shown in **Royco** which touched 55p before settling at 54p for a gain of 2½ on balance.

Steady in the morning session, **ICI** and **Fisons** both settled marginally lower at 321p and 252p respectively. Annual trading statements prompted contrasting movements in **William Ransom** and **Rentokil**; the former improved 5 to 315p, but the latter eased a penny to 102p.

Bambers revive

Once again, interest in Stores centred almost entirely around selected secondary issues. A revived investment demand prompted a rise of 9 to 126p in **Bambers**, while **Ratners** also returned to favour at 99p, up 5. Reflecting the sharply higher annual profits, **Steinberg** rose 2½ to 20p, while **Wearwell** put on a similar amount to 34p, after after 35p, also following good results. Shoes were notable only for renewed strength in **Stylo** which gained 4 afresh to a 1979 high of 184p; following the recent successful rights issue, **Town and Centre's** stake now stands at around 6 per cent.

Inclined harder at the start, leading Electricals closed little altered on balance. Elsewhere, **MK Electric** became a weak feature at 233p, down 14, following the chairman's warning of a squeeze on profit margins. Comment on the interim results, however, stimulated fresh demand for **Automated Security** which firmed 3 to 166p.

Still reflecting the fall in interim profits and uncertainty about the nationalisation compensation situation, **Vosper** met further selling and reacted 8 for a two-day fall of 19 to 193p. By way of contrast, **Brasway** responded to the more than doubled annual profits with a gain of 6 to 63p, while favourable trading statements left **W. G. Allen** 2 higher at 44p, and **James Austin** 5 to the good at 128p. Elsewhere in secondary Engineers, occasional demand lifted **Baker Perkins** 4 to 136p, but **A. Cohen** fell 10 to 250p in an extremely thin market.

The trend in leading Foods was quietly firm with **Rowntree Mackintosh** improving 4 to 188p following Press comment on the company's European growth policies. Among Supermarkets, **Associated Dairies** added 5 to 260p and **J. Sainsbury** 3 to 320p, while further consideration of the results and proposed 100 per cent scrip issue lifted **Hillards** 10 more to 350p, after 353p. By contrast, **Amos Hinton** slipped 4 to a 1979 low of 72p.

Berwick Timpo rise

Trading statements and special situations provided the interest in miscellaneous Industrials yesterday. The 75p per share cash bid from Charterhouse Japhet and associates, prompted a rise of 9 to 77p, after 78p, in **Berwick Timpo**, while **Lindustries** jumped 17 to 137p, after 140p, on the previous day's late news that Hanson Trust is attempting again to take control of the company via an offer of 135p per share. **Bestobell** firmed 6 afresh to 216p on hopes that **BTR**, unaltered at 302p, will increase its offer. **Peter Black** put on 7 to 232p following the higher annual profits and proposed 100 per cent scrip-issue. **Hoover A** put on 5 to 155p, after 157p, on the better-than-expected first-half performance and the chairman's encouraging remarks concerning second-half prospects. **Thomas Witter** added 3 to 47p in response to the interim figures, while revived speculative interest left **Booker McConnell** 6 to the good at 320p. **Powell Duffryn** cheapened 4 to 172p on further consideration on the first-quarter profits contraction. The leaders were notable for an improvement of 3 to 166p, after 169p, in **Reed International** following the better-than-expected first-quarter profits and the accompanying confident statement from the chairman.

Buying ahead of today's annual results helped lottery concern **Norton and Wright** add 5 to 168p.

News International found support in idle Newspapers, rising 7 to 145p. Paper makers **William Sommerville** jumped 7 to 72p, mainly reflecting the sharply increased annual dividend.

Interest in Properties centred mainly on **Bernard Sunley** which put on 20 for a two-day gain of 65 to 467p in the wake of the bid approach from **Eagle Star**, 3 up at 140p, the market view is that the offer may be pitched between 480p and 500p per share. Up 3 at one stage, **Land Securities** drifted off to close a penny cheaper on balance at 286p, but **Great Portland Estates** hardened a couple of pence more to 324p. **Centrovincial Estates**, 125p, and the **Capital**, 124p, attracted speculative support and firmed 3 apiece, while gains of around 5 were marked against **Lynton**, 168p, and **London and Provincial Shop**, 248p. Still reflecting the interim results, **City Offices** added 2 more to 85p. Some interest was shown in **Clarke Nickolls** which improved 3 to 108p.

Tricentrol below best

Trading in the Oil market was again quite brisk. After the previous day's sharp reaction on the nationalisation of its Nigerian assets, **British Petroleum** moved between 1155p and 1165p before settling without alteration at 1160p. **Shell** edged up 4 further to 344p. Outside the leaders, **Tricentrol** advanced to 230p on the good annual results before profit-taking left the price 4 up on balance at 226p, while bid hopes stimulated fresh demand for **Oil Exploration**, up 6 more at 358p, after 368p.

Following the remarks of the Nigerian Foreign Minister that other British companies would not be threatened with punitive action similar to the takeover of BP's assets in the country, **Paterson Zochonis** issues more than to 160p with the A a similar amount better at 155p; the company has no direct interest in Nigeria, but is heavily involved in that country's trade.

Govett European featured Trusts with a rise of 11 to 63p on news that the company is considering unitisation. Elsewhere, the trend in the sector was to slightly higher levels. Among Financials, renewed support lifted **London Merchant Securities** 3 to a new peak for the year of 116p.

Scattered offerings left Textiles marginally easier, although the odd firm spot appeared. **Carpets International** were wanted adding 3 to 54p, while **Hugh Mackay** put on 2 at 57p. Second thoughts about Wednesday's interim statement clipped a penny from **R. Smallshaw**, 28p.

Australian gains

A strong showing by overnight Sydney and Melbourne markets in which large lines of stock in **North Broken Hill**, **MIM Holdings** and **Western Mining** changed hands, resulted in a good demand for Australian mining issues in London.

North Broken Hill rose 4 to 101p, **MIM Holdings** 3 to 185p and **Western Mining** 2 to 140p. **Pacific Copper** also came in for a good deal of support which left the shares 5 better at 87p.

South African Golds improved for the first time in four trading days but activity was again disappointingly low. Share prices were marked higher at the outset, reflecting the initial rally in the bullion price, but failed to make further progress.

The Gold Mines index recovered 1.5 to 150.1 and the ex-premium index 1.9 to 138.7. Bullion was finally $1 down at $288.875 an ounce following the outcome of the latest International Monetary Fund gold auction.

South African Financials generally showed minor gains. **U.C. Investments**, the subject of Johannesburg buying interest, put on 10 to 235p. In contrast, "**Amcoal**" dropped 25 to 325p in front of the increased interim dividend and half-year profits which were not known during market hours.

Rio Tinto-Zinc became a feature of London Financials as persistent small buying in a market none too well supplied with stock pushed the price 11 higher at 271p.

Rustenburg were outstanding in a generally firmer Platinums, reflecting overseas buying with a rise of 8 to 111p.

LONDON TRADED OPTIONS

Option	Exercise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	1500	12	3	45	2	72	—	1163p
Cons. Gold	260	2½	7	6	—	—	—	214p
GEC	390	11	-	28	-	39	3	357p
GEC	420	4	10	16		—	—	"
ICI	330	13	—	22	16	27	32	321p
Shell	325	22	3	30	5	—	—	346p
Shell	350	10	6	17	—	—	—	"
Totals			29		23		35	
		August		**November**		**February**		
EMI	100	4	5	10	—	18	—	96p
RTZ	240	35	10	43		52	—	270p
RTZ	260	16	2	30	—	39	—	"
RTZ	280	6	—	19	5	29	10	"
RTZ	300	2	3	13	7	21	—	"
RTZ	360	½	-	2½	20	—	—	"
Totals			19		32		10	

FINANCIAL TIMES STOCK INDICES

	Aug. 2	Aug. 1	July 31	July 30	July 27	July 26	A year ago
Government Secs....	72.63	72.60	72.24	72.48	72.93	78.23	70.97
Fixed Interest	73.60	73.42	73.73	73.82	74.75	74.85	78.65
Industrial	455.7	456.8	454.2	451.0	458.2	461.5	499.9
Gold Mines......	150.1	148.6	152.4	155.1	158.6	158.4	187.8
Gold Mines(Ex-$ pm)	138.7	136.8	141.1	141.3	145.3	145.9	122.6
Ord. Div. Yield	7.07	7.06	7.06	7.09	6.90	6.86	5.36
Earnings, Yld. % (full)	17.94	17.91	17.89	17.98	17.57	17.36	15.21
P/E Ratio (net) (*)	7.00	7.01	7.02	6.98	7.21	7.25	8.24
Total bargains	14,071	15,044	16,327	16,066	16,688	16,308	—
Equity turnover £m	—	74.32	81.73	71.10	89.84	76.31	106.04
Equity bargains total	—	10,350	11,691	13,285	13,229	11,345	19,806

10 am 457.7. 11 am 458.0. Noon 457.7. 1 pm 457.1.
2 pm 456.6. 3 pm 456.6.
Latest Index 01-246 8026
* Nil = 6.74

Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/6)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/6)	66.03 (15/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (6/6)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$pm)	169.5 (8/6)	95.2 (2/11)	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	Aug. 2	Aug. 1
—Daily		
Gilt Edged...	148.4	121.7
Industrials...	123.6	123.2
Speculative...	23.9	28.6
Totals.........	86.3	81.8
5-d'y Av'r'ge		
Gilt Edged...	133.2	138.1
Industrials...	129.4	133.0
Speculative...	24.7	26.8
Totals.........	87.6	89.7

FT-Actuaries

The following are corrected equity indices for July 30 and 31:—

Group No.	July 30	July 31	Group No.	July 30	July 31
21	226.15	227.74	61	178.50	179.62
34	233.05	234.75	68	94.59	94.33
49	225.94	226.98	99	236.11	237.14
59	259.36	260.38			

The amendments result in slight alterations to the monthly average figures published in Wednesday's issue. The July average for the Industrial Group is 232.75; the 500 Share is 267.62 and the Financial Group is 189.21, while the month's low for the All-Share is amended to 236.11.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
Shell Transport .	25p	9	344	+ 4	402	278
Beecham 'New'...	25p	8	131½	− 2	134	130½
Tricentrol	25p	8	226	+ 4	254	148
Natwest Bank ...	£1	7	328	+ 3	406	278
RTZ	25p	7	271	+11	362	226
BAT Inds.	25p	6	276	− 4	382	255
BP	£1	6	1,160		1,295	882
Burmah Oil	£1	6	141	+ 1	150	82
GEC	25p	6	356		456	311
Lindustries	25p	6	137	+17	153	115
Marks & Spencer	25p	6	110	+ 1	134	83
Royal Insurance ..	25p	6	330	+ 3	443	320
Barclays Bank ...	£1	5	430	+ 2	514	360
Boots	25p	5	184	+ 1	238	177
Sunley (B.)	25p	5	467	+20	468	252

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (15)

BUILDINGS (1)
Westbrick Products

ELECTRICALS (1)
Derritron

INDUSTRIALS (3)
Bestobell
Broken Hill Prv.
Gripperrods

LEISURE (1)
Norton & Wright

PROPERTY (2)
Gt. Portland Ests.
Sunley (B.)

SHOES (1)
Stylo Shoes

TEXTILES (1)
Levex

TRUSTS (3)
Camellia Invs.
Clifton Investments
Lond. Merchant Secs.

OILS (1)
Oil Exploration

TEAS (1)
Lawrie Plantation

NEW LOWS (29)

BANKS (1)
Grindlays Bank

ENGINEERING (7)
Anderson Strathclyde
Canks Gowerton
Desoutter
Ransomes Sims Jefs.
Shaw (Francis)
Tube Investments
Tyack (W. A.)

FOODS (1)
Hinton (A.)

INDUSTRIALS (9)
Anglo-Am. Asphalt
Bruntons (M'burgh)
Downs Surgical
Hollis Bros.
Spear (J. W.)
Sutcliffe Speakman
Tove
Transport Devlpt.
Wilson Walton

MOTORS (1)
Dunlop

[illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns., Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	636	293	1,61[illegible]

STOCK EXCHANGE BUSINESS LAST MONTH

Turnover down in all sectors

BY GEOFFREY FOSTER

Reflecting the unsettled economic and industrial background, business in both equities and gilt-edged securities contracted in July.

After June's rise of 26.5 per cent, business in gilt-edged was down £0.5bn to £10.3bn. Interest in the medium and longer-dated stocks showed a particular deterioration with trade down £0.39bn to £6bn, while short-dated business slipped £0.04bn to £4.3bn. The number of bargains in British Funds however, rose in July by 25,220 to 84,150. Deals in the longs jumped by 17,690 to 53,995 and those in the shorts by 7,530 to 30,155. The FT Turnover index for British Funds eased from June's 460.7 to 437.5, still comparing favourably with last year's monthly average of 369.2.

Largely because of the continuing strength of sterling which rose from an end-June level of $2.1800 to close July at $2.2480, after $2.2750, gilts encountered some heavy buying with US investment the driving force. Overall demand resulted in the early exhaustion of the existing long tap and led to the Government issuing its largest-ever single tap stock on July 20—£1.5bn of 11½ per cent Treasury 2003-07.

The Government Securities index moved from an end-June level of 71.09 to touch 73.96 on July 24 before closing 1.15 points higher on the month at 72.24.

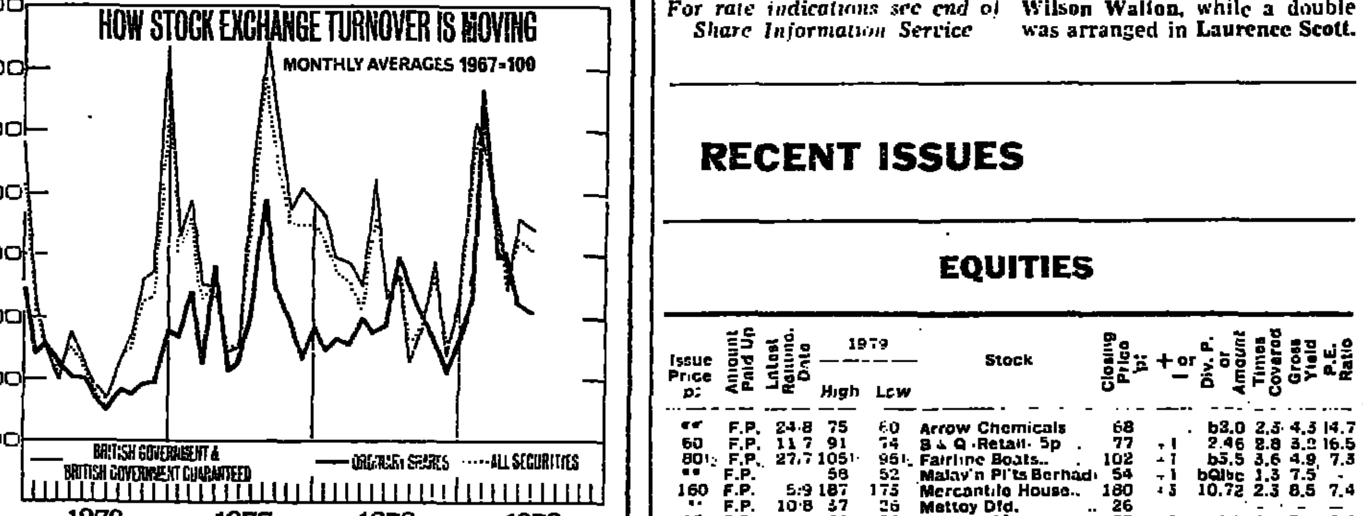
Business in ordinary shares in July slipped from £1.79bn to £1.7bn and the number of bargains contracted by 28,283 to 278,503 but the average value per bargain rose by £280 to £6,126. The FT turnover index for ordinary shares eased to 304.4 from 320.1 in June and compares with last year's monthly average of 285.7.

Equity share values drifted lower throughout July in thin trading. Gloomy economic reviews including a London Business School's prediction that company profits will continue to be squeezed prompted early dullness. Confidence was further undermined by increasing fears about major companies' export potential in light of sterling's strength. Oil price fears, union militancy about pay and mounting opposition to the Government's labour reform proposals were also depressants, while a prediction by Barclays Bank in its latest financial review that interest rates are likely to rise even further and a CBI warning of poor company profitability this year ensured that sentiment was still depressed at the month's end.

From an end-June level of 473.4, the FT Industrial ordinary share index fell to 451.0 on July 30 when it was recording a fall of 104.4 points, or 18.7 per cent, from the 558.6 level attained after the Conservative's victory in the General Election; it closed the month 19.2 points off at 454.2.

Overall, business contracted £0.55bn to £13.2bn and the number of bargains in all securities declined slightly by 233 to 396,790. The FT turnover index for All Securities in July was 404.9, compared with 422.7 in June and last year's monthly average of 354.3.

Gold shares drifted lower despite the fresh upsurge in the bullion price which touched a record $306.375 per ounce on July 26 before ending the month a net $19 up at $298.875 per ounce. The FT Gold Mines index ended 15.4 points down on the month at 152.4.



Category	Value of all purchases and sales £m	% of total	Number of bargains	% of total	Average value per day £m	Average value per bargain £	Average no. of bargains per day
British Govt. and British Govt. Guaranteed:							
Short dated (having five years or less to run)	4,300.7	32.5	30,155	7.6	195.5	142,621	1,371
Others	6,036.1	45.7	53,995	13.6	274.4	111,791	2,454
Irish Government							
Short dated (having five years or less to run)	245.9	1.9	1,050	0.2	11.2	234,150	48
Others	399.2	3.0	2,293	0.6	18.1	174,116	104
UK local authority	399.8	3.0	6,351	1.6	18.2	62,949	289
Overseas Govt.:							
Provincial and municipal .	5.5	0.1	1,176	0.3	0.2	4,719	53
Fixed interest stocks, preference and preferred ordinary shares	119.6	0.9	23,267	5.9	5.4	5,141	1,058
Ordinary shares	1,706.0	12.9	278,503	70.2	77.5	6,126	12,659
TOTAL	13,212.9	100.0	396,790	100.0	*600.6	*33,300	*18,036

* Average of all securities.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 24	Aug. 6	Oct. 18	Oct. 30
Aug. 7	Aug. 20	Nov. 1	Nov. 13
Aug. 21	Sept. 3	Nov. 15	Nov. 27

For rate indications see end of Share Information Service

Call options were dealt in **Lonrho**, **Town and City**, **600 Group**, **Scottish and Newcastle**, **Spillers**, **Lex Service**, **Oil Exploration**, **Bryant Holdings**, **Tesco**, **Grindlays**, **Comfort Hotels** and **Centrovincial Estates**. A put was done in **Wilson Walton**, while a double was arranged in **Laurence Scott**.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
[illegible]							

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −
[illegible]							

[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Thurs., Aug. 2, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. Aug. 1 Index No.	Tues. July 31 Index No.	Mon. July 30 Index No.	Fri. July 27 Index No.	Year ago (approx.) Index No.
[illegible]										

Figures in parentheses show number of stocks per section

FIXED INTEREST PRICE INDICES

[illegible]

FIXED INTEREST YIELDS

[illegible]

[illegible]

هكذا من الأصل

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Group (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co. Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Trust Management (a) (g)

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd.

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.

Confederation Funds Mgt. Ltd.

Cosmopolitan Fund Managers

Crescent Unit Tst. Mgrs. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmt. Ltd.

Equity & Law Un. Tr. M.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd.

Friends' Provdt. Unit Trs Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers

Gibbs (Antony) Unit Tst. Mgs. Ltd.

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration

Hill Samuel Unit Tst. Mgrs.

Intel.

Investment Intelligence Ltd.

Key Fund Managers Ltd.

Kleinwort Benson Unit Managers

L. & C. Unit Trust Management Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Trust

M & G Group

Manulife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmt. Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers

National and Commercial

National Provident Inv. Mngrs. Ltd.

National Westminster

NEL Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd.

Pelican Units Admin. Ltd.

Perpetual Unit Trust Mngmt.

Practical Invest. Co. Ltd.

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Scotbits Securities Ltd.

Schlesinger Trust Mngrs. Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Sebag Unit Tst. Managers Ltd.

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd.

Sun Alliance Fund Mangt. Ltd.

Target Tst. Mngrs. Ltd.

Target Tst. Mgrs. (Scotland)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs.

Tyndall Managers Ltd.

TSB Unit Trusts (y)

Ulster Bank

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

NOTES

INSURANCE AND PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assur. Co. Ltd.

City of Westminster Assur. Soc. Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life Assurance Co. Ltd.

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Gartmore Bonds

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assurance Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Merchant Investors Assurance

NEL Pensions Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

NPI Pensions Management Ltd.

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Provident Capital Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Solar Life Assurance Limited

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Australian Selection Fund NV

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bishopsgate Progressive—Ldn. Agents

Bridge Management Ltd.

Britannia Tst. Mngmt. (C.I.) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F. & C. Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Baring Fund Mgrs. Ltd.

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intnl.

N.V. Interbeheer

International Pacific Inv. Mngt. Ltd.

J.E.T. Managers (Jersey) Ltd.

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Kemp-Gee Management Jersey Ltd.

Keyser Ullmann Ltd.

King & Shaxson Mngrs.

Kleinwort Benson Limited

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

M & G Group

Midland Bank Tst. Corp. (Jersey) Ltd.

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

Negit Ltd.

Pacific Basin Fund

Phoenix International

Providence Capitol Life Ass. (C.I.)

Quest Fund Mngmt. (Jersey) Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Rothschild Asset Mgt. (Bermuda)

Royal Trust (C.I.) Fd. Mgt. Ltd.

Save & Prosper International

Schlesinger International Mngt. Ltd.

Schroder Life Group

J. Henry Schroder Wagg & Co. Ltd.

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents

Stronghold Management Limited

Surinvest (Jersey) Ltd.

TSB Unit Trust Managers (C.I.) Ltd.

TSB Gilt Fund Managers (C.I.) Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Unilife Assurance (Overseas) Ltd.

Union-Investment-Gesellschaft mbH

Utd. Intnl. Mngmnt. (C.I.) Ltd.

United States Tst. Intl. Adv. Co.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

World Wide Growth Management

Wren Commodity Trust

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY

Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London.

Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.

Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 16527 Tel: 276 796

Birmingham: George House, George Road. Telex 338650 Tel. 021-454 0922

Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039

Brussels: 39 Rue Ducale. Telex 23283 Tel. 512-9037

Cairo: P.O. Box 2040. Tel: 938510

Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321

Edinburgh: 37 George Street. Telex 72484 Tel. 031-226 4120

Johannesburg: P.O. Box 2128 Telex 8-6257 Tel. 838-7545

Lisbon: Praca de Alegria 58-1D, Lisboa 2. Telex 12533 Tel. 362 508

Madrid: Espronceda 32, Madrid 3. Tel: 441 6772

Manchester: Queen's House, Queen Street. Telex 666813 Tel. 061-834 9381

Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex 7900 Tel: 243 1635

New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625

Paris: 36 Rue du Sentier 75002. Telex 220044 Tel. 236.57.43

Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel. 253 4848

Rome: Via della Mercede 55. Telex 610032 Tel. 678 3314

Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88

Tehran: P.O. Box 11-1879. Telex 213930 Tel: 682698

Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920

Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004 Telex 440340 Tel: (202) 47 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922

Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4139

Leeds: Permanent House, The Headrow. Tel: 0532 454969

Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381

New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 238409 Tel: (212) 489 8300

Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel. 236.86.01

Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J27104 Tel. 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East.
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

هكذا من الأصل

هكذا من الأجل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	12	.....	—	—	—
14	4	ACM 20c	9	.....	—	—	—
171	100	Bougainville 50 Toea	110	+3	Q15c	1.0	7.0
140	84	BH South 50c	97	+2	—	—	—
860	340	Central Pacific	690	−20	—	—	—
318	170	Conzinc Riotinto 50c	186	.	NQ10c	2.0	2.8
36	16	Cultus Pacific N.L.	19	.....	—	—	—
21½	11	Endeavour 20c	13½	+½	—	—	—
98	62	G.M. Kalgoorlie $1	80	.....	Z03c	—	1.9
42	23	Haoma Gold N.L.	26	.....	—	—	—
210	148	Hamptn Areas 5p	184	.....	3.5	ϕ	2.7
71½	25	Metals Ex. 50c	35	+2	—	—	—
275	168	M.I.M. Hldgs. 50c	185	+3	†Q9c	1.7	2.5
15	15	Minefields Expl	15	.....	—	—	—
74	30	Mount Lyell 25c	34	.....	—	—	—
44	14	Newmetal 20c	15	.....	—	—	—
141	91	North B. Hill 50c	101	+4	†Q8c	1.3	4.0
22	11	Nth. Kalgurli	17	.....	—	—	—
40	22	Nth. West Mining	26	.....	—	—	—
137	76	Oakbridge $A1	77	+1	Q12c	1.9	8.2
37	22	Oilmin N. L.	34	+1	—	—	—
120	58	Pacific Copper	87	+5	—	—	—
£10¼	625	Pancont'l 25c	737	+12	—	—	—
25¾	15½	Paringa M&Ex. 5p	19	.....	—	—	—
510	268	Peko-Wallsend 50c	292	.....	Q15c	3.3	2.7
340	145	Southern Pacific	240	−25	—	—	—
16	12	West Coast 25c	13	.....	—	—	—
188	121	Westn. Mining 50c	140	+2	†Q3c	0.7	1.1
11	9	Westmex	10	.....	—	—	—
65	50	Whim Creek 20c	55	.....	—	—	—
25	13	York Resources	13	.....	—	—	—

TINS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	27	.....	2.81	1.3	14.9
435	265	Ayer Hitam $M1	280	.....	Q300c	0.5	23.0
72	51	Beralt Tin	51	.....	4.0	3.3	11.2
270	175	Berjuntai $M1	180	.....	†Q110c	1.0	15.0
160	125	Geevor	130	.....	8.71	3.1	9.8
10½	8	Gold & Base 12½p	8½	.....	—	—	—
365	295	Gopeng Cons.	325	.....	†18.0	1.4	7.9
370	295	Hongkong	320	.....	†12.5	2.8	5.6
98	64	Idris 10p	84xd	.....	†8.0	5.3	13.6
14	9½	Jantar 12½p	11	.....	♦—	—	—
95	58	Kamunting $M0.50	70	.....	†Q125c	2.1	3.8
620	210	Killinghall $M1	340	.....	—	—	—
465	365	Malay Dredging $M1	380	.....	†175c	0.7	1.7
57	28	ΔPahang	29	+1	—	—	—
123	60	Pengkalen 10p	110	.....	4.5	1.2	6.1
275	195	Petaling $M1	205	.....	†Q120c	1.3	12.6
85	62	Saint Piran	71	.....	†2.03	6.5	4.1
58	45	South Crofty 10p	45	.....	†4.19	2.0	13.3
230	170	South Kinta $M0.50	175	.....	†Q145c	0.6	17.8
405	285	Sthn Malayan $M1	335	.....	†Q190c	1.0	12.2
310	210	Sungei Besi $M1	255	.....	Q520c	ϕ	58.4
75	40	Supreme Corp $M1	40	.....	ZQ10c	—	5.4
105	44	Tanjong 15p	95	.....	2c	0.7	22.5
115	90	Tongkah H. Tin	90	.....	†Q24c	0.7	6.0
280	190	Tronoh $M1	200	.....	Q25c	5.2	2.8

COPPER

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
111	56	Messina R0.50	68	.....	—	—	—

MISCELLANEOUS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
81	54	Barymin	60	.....	—	—	—
13½	10	Burma Mines 17½p	11½	.....	—	—	—
345	170	Cons. Murch. 10c	230	.....	Z030c	—	6.1
410	290	Northgate C$1	320	.....	—	—	—
362	226	R.T.Z.	271	−11	11.5	2.7	6.1
31	18	Robert Mines	24	−2	—	—	—
65	30	Sabina Inds. C$1	35	.....	—	—	—
880	525	Tara Exptn. $1	550	.....	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

$17½	$10½	Buffels R1	$14¼	−½	Q290c	ϕ	17.0
$15½	890c	East Drie R1	$22	+⅛	†Q115c	1.6	11.3
$10¾	350c	East Rand Prp. R1	933c	+8	†Q10c	—	1.3
$27⅝	$18¾	F.S. Geduld 50c	$24⅜	−¼	†Q315c	2.4	15.6
$19⅝	$11⅛	Pres. Brand 50c	$17⅜	+⅛	†Q150c	3.2	10.4
$18⅛	$10¼	St. Helena R1	$16	+⅛	†Q190c	1.4	14.4
760c	407c	Stilfontein 50c	660c	+10	†Q66c	1.7	12.1
$35¼	$18¾	Vaal Reefs 50c	$29¼	−⅛	†Q280c	2.7	12.2
$50¼	$28¼	West Drie R1	$43½	+¼	Q615c	ϕ	17.1
$36½	$22¼	West Hldgs. 50c	$32¼	.....	†Q425c	1.4	15.6
$18½	$10⅝	Western Deep R2	$14½	+⅛	†Q170c	2.7	13.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling or in EEC currencies are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 24

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	.....	Sindall (Wm.)	160	.....
Bertam	24	.....	**IRISH**		
Edg wtr. Est. 50p	405	−5	Conv. 9% '80/82	£86⅞	.....
Clover Croft	28	.....	Nat. 9¾% 84-89	£71⅝	.....
Craig & Rose £1	£11½	.....	Fin. 13% 97/02	£85	.....
Dyson (R. A.) A	26	.....	Alliance Gas	50	.....
Ellis & McHdy	180	.....	Arnott	345	.....
File Forge	54	.....	Carroll (P. J.)	103	.....
Finlay Pkg. 5p	19	.....	Clondalkin	79	.....
Graig Ship £1	295	.....	Concrete Prods.	87	.....
Higsons Brew.	75	.....	Heiton (Hldgs.)	80	.....
Holt (Jos.) 25p	260	.....	Ins. Corp	210	.....
I.O.M. Stm. £1	153	.....	Irish Ropes	70	.....
Pearce (C. H.)	265	.....	Jacob	40	.....
Peel Mills	30	.....	T.M.G.	170	−10
Sheff. Refrshmt	105	.....	Unidare	81	.....

OPTIONS
3-month Call Rates

Industrials					
A. Brew	9	I.C.I.	24	Tube Invest.	30
BOC Intl.	6	"Imps"	8	Unilever	55
B.S.R.	7	I.C.L.	55	U.D.T.	5
Babcock	13	Inveresk	7	Utd. Drapery	10
Barclays Bank	32	KCA	5	Vickers	13
Beecham	52	Ladbroke	22	Woolworths	7½
Blue Circle	16	Legal & Gen.	14		
Boots	18	Lex Service	11	**Property**	
Bowaters	16	Lloyds Bank	25	Brit. Land	7½
B.A.T.	28	"Lots"	5	Cap. Counties	9
Brown (J.)	50	London Brick	7	Land Secs.	25
Burton 'A'	26	Lonrho	8	MEPC	17
Cadburys	7	Lucas Inds.	25	Peachey	13
Courtaulds	10	"Mams"	13	Samuel Props.	14
Debenhams	8	Mks. & Spncr.	11	Town & City	2¼
Distillers	22	Midland Bank	30		
Dunlop	6½	N.E.I.	14	**Oils**	
Eagle Star	14	Nat. West. Bank	28	Brit. Petroleum	100
E.M.I.	12	Do. Warrants	15	Burmah Oil	13
Gen. Accident	21	P. & O. Dfd.	10	Charterhall	5
Gen. Electric	35	Plessey	10	Premier	5
Glaxo	50	R.H.M.	5	Shell	25
Grand Met.	14	Rank Org.	25	Ultramar	25
G.U.S. 'A'	30	Reed Intnl.	16		
Guardian	24	Sears	5½	**Mines**	
G.K.N.	28	Spillers	4½	Charter Cons.	16
Hawker Sidd.	25	Tesco	7	Cons. Gold	20
House of Fraser	18	Thorn	35	Rio T. Zinc	27
		Trust Houses	17		

A selection of Options traded is given on the London Stock Exchange Report page

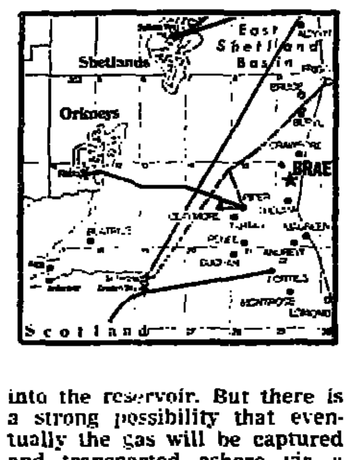
FINANCIAL TIMES

Friday August 3 1979

Brae oil group plans £700m development

BY RAY DAFTER, ENERGY EDITOR

PARTNERS IN the Brae Field offshore consortium plan to spend over £700m developing the southern portion of the North Sea field.



The group, led by the operator Pan Ocean Oil Corporation (North Sea), has filed an application with the Energy Department to exploit some 300m barrels of oil and gas liquids in the southern portion of block 16/7, some 155 miles off the North-East coast of Scotland.

The partners plan to start production in 1983, using a single fixed steel platform. The offshore processing facilities would be capable of handling a peak output of some 100,000 barrels a day of oil and 12,000 b/d of natural gas liquids.

Oil from Bae will be transported ashore by pipeline. The field's partners are studying two particular options. *One is to move their oil via Occidental's Piper pipelines to the Flotta terminal in the Orkney Islands. The other is to use* BP's Forties Field pipeline to send their crude to Cruden Bay, north of Aberdeen. In either case *an expensive* pipeline link would have to be built. Brae is some 40 miles from the Piper Field and about 70 miles from Forties.

The large volumes of dry gas will initially be injected back into the reservoir. But there is a strong possibility that eventually the gas will be captured and transported ashore via a new *North Sea* gas-gathering pipeline system.

Brae, one of the most geologically complex fields in the North Sea, has also been one of the costliest to delineate. So far, 13 wells have been drilled on the block and the group has still to undertake further appraisal drilling to test the size of the central and northerly portions of Brae. An additional well is planned for each of these sectors together with an exploration well on block 16/3 immediately to the north-east.

Hundreds of millions of barrels of recoverable reserves are contained in the central and northerly portions of the field. It is likely that once the appraisal programme has been completed a development plan will be submitted for these portions.

If the Brae project plans are approved by the Energy Department it will mark the long-awaited development of what appears to be one of the most exciting, if difficult to interpret oil bearing features in the North Sea—a series of oil fields running down a sunken escarpment through blocks 16/7, 16/12 and 16/17.

This latter block, operated by the Phillips Group, is known as the "T block" because of the series of discoveries — the *Thelma, Toni and Tiffany fields.* These fields are thought to contain a total of over 500m barrels of recoverable reserves. They *may be developed as a single* project, with their gas reserves also being fed into a gathering pipeline.

Partners in the Brae Field are: Pan Ocean (a subsidiary of Marathon Oil), Ashbrae Finance, British National Oil Corporation, Bow Valley Exploration, Kaiser Canadian Oil, L.L. and E. (UK)—a subsidiary of Louisiana Land and Exploration—Saga Petroleum, Siebens Oil and Gas, and Sunningdale Oils (part of Kerr McGee Corporation).

Cossiga bid to form Italian Government amid party clashes

BY PAUL BETTS IN ROME

SIG. FRANCESCO COSSIGA, a Christian Democrat former Interior Minister, was trying last night to form an Italian Government. He was the fourth politician in barely two months to do so.

After the failure on Wednesday night of Sig. Filippo Maria Pandolfi, the Christian Democrat Treasury Minister, President Sandro Partini acted swiftly to seek a solution to Italy's 183-day political crisis.

Sig. Cossiga, 51,* resigned as Interior Minister after the death of the Christian Democrat President Sig. Aldo Moro *last year. He said last night* he would hold a quick round of consultations, and indicated that he would try to present *a Cabinet early next week.* He acknowledged the difficulties he faced since the sharp *deterioration in relationships between the political groups.

Should Sig. Cossiga also fail, there would be the serious risk of new elections *only a few months after the* inconclusive General Election early in June.

In view of this, the odds are *that Sig. Cossiga will be able* to form a Government, however temporary, despite the bitter differences between *and within the parties.*

The new Prime Minister-designate's decision to act quickly seems an attempt *to avoid giving the political* parties space for further manoeuvres.

It was during similar consultations that new obstacles emerged on which Sig. Pandolfi's attempt foundered hours after he had appeared close to success.

If Sig. Cossiga succeeds, his Government would act only as a temporary administration to *allow a truce between the* political forces.

In particular, relations between the Christian *Democrats and the Socialists* are at their worst for many years, while bitter differences have also emerged among the *smaller parties.*

Until there is a cooling of political spirits no stable solution can be expected, *especially since the Socialists* hold the key to any working Parliamentary majority *excluding the Communists.*

Though it is still premature to forecast what sort of Government Sig. Cossiga proposes to form, it could consist of a minority Christian Democrat administration tacitly supported in Parliament by the abstention of all the main parties except the Communists.

The Communists are standing firm on their decision to oppose any Government in which they are not directly represented.

Profile, Page 2; Editorial Comment, Page 14

THE LEX COLUMN

Filling Hoover's profits vacuum

The size of the jump in the official reserves for July came as a surprise in view of the official policy of non-intervention but is said not to reflect any change in strategy. With currency flows as strong as they have been in recent weeks even temporary smoothing operations can apparently result in significant changes in the reserves. The impact on the money supply may be modest, given that part of the inflows will have gone into non-resident accounts and may also have been associated with foreign buying of gilt-edged. But the reserve intake can only aggravate the problems of the banking sector in coping with the corset restrictions by adding to the growth of eligible liabilities and pushing the banks deeper into the penalty zone.

Index fell 1.1 to 455.7

Hoover

Having lost £0.6m in the first quarter, Hoover has lost another £0.4m in the second quarter *which on the surface* seems a pretty depressing performance given the recent boom in consumer durable spending.

But Hoover is cautiously optimistic that the worst is over and is talking about "some *improvement in profit levels" in the second half.* The £1m first half loss takes in exchange rate losses of £1.6m and higher than planned redundancy costs *of £1.6m. In addition,* the hauliers strike at the start of the year and industrial unrest at Hoover's own plants (*associated with the redundancies*) probably knocked another £1.5m off profits.

Stripping out the redundancy *costs and the translation losses,* and Hoover's performance improved between the first and second quarters by some 50 per *cent. Staff numbers* have shrunk by 1,000 since the start of the year and by twice that amount over the last 18 months.

Hoover has taken the axe to its distribution system and is hard at work cutting overhead costs throughout the company. However, it is still spending heavily on promoting its products, and it is managing to hold on to its 30 per cent share of the UK washing machine market.

Yet the strength of sterling is playing into the hands of the Italian competition and the prospective economic slowdown could lead to a reduced demand for Hoover's products once the current restocking phase is over. Clearly, Hoover faces a long hard slog and the only real support for the share price of 155p is the yield of 11 per cent.

Reed Int.

A strictly marginal rise in Reed International's operating *profits in the first quarter of* 1979-80 translates into a jump of over four-fifths to £17.9m at the attributable level. That is *the result of the big fall in the* group's borrowings, which have reduced by more than half its *finance costs during the three months,* plus tax clawbacks in Canada and a lower minorities charge.

On the trading front, the hole *left by Reed's overseas disposals* has been more than filled by the big swing round into profits which the Canadian subsidiary *reported earlier this week and* by a steady improvement in Holland. In the UK, the papermaking side has not done as *well as might have been hoped,* partly as a result of mounting pressure from imports. But publishing has shown a good *performance, and the overall UK* contribution has almost recovered from the dip reported in the final quarter of 1978-79.

Reed seems likely to continue broadly along this track through the rest of the year. Thereafter there are obvious uncertainties. The group still plans to sell its Canadian business but is not in any hurry, and it might decide to ride the next downturn. The UK market, too, could also have its problems. But Reed is now in a good shape to withstand an economic downturn. Debt is not much more than 50 per cent of equity, compared with 211 per cent fifteen months ago. The mismatching of its overseas assets and liabilities has been much reduced. Some of the more volatile parts of the business have been sold. And the dividend prospects are sound—last year's payment would be almost twice covered by the first-quarter's historic cost earnings. The yield at 166p is 6.9 per cent.

The tax carrot

"The problem affecting the flow of funds into industry and trade is not lack of funds but rather of demand, which will not be stimulated merely by the provision of extra funds." That was what the Stock Exchange told the Wilson Committee, and very right it was too. But the Exchange is now being inconsistent in suggesting that private individuals should be given tax incentives, French-style, to invest in industry.

The overriding intention of the *Loi Monory* was to recapitalise the French corporate sector by increasing the liquidity available for the bourse. In London there is no shortage of cash flowing into the market to provide equity finance—the only *trouble is that it is concentrated* heavily in the hands of the big institutions. Logically, the Stock Exchange ought to be arguing *in favour of tax neutrality for* the saver, rather than for another fiscal distortion in the market mechanism.

Iran oil output slumps

BY ANDREW WHITLEY IN TEHRAN

IRAN'S OIL production slumped inexplicably in the past week, and may now be at least 0.75m barrels a day below the 4m b/d level it has maintained in recent months.

In what appeared an attempt to conceal the gravity of the situation, officials for the first time stopped issuing daily production reports, and confined themselves to a weekly output figure.

On Wednesday figures were released covering the week to July 27.

These showed an average daily output in the period of 3.25m barrels from the main Khuzestan fields.

But there is clearly a declining trend. It is said that on July 28 Khuzestan output had fallen to 3m barrels, and to 2.8m on July 30. The National Iranian Oil Company has refused to confirm these figures.

The Government news agency Pars reports that an average of 2.59m b/d of crude oil was piped from Khuzestan to the main export terminal on Kharg Island *in the week. An additional* 400,000-450,000 b/d is likely to have come from the joint-venture offshore fields.

On the official figures, then, a maximum of about 3m b/d is available for export. But latest reports on tanker sailings *suggest that the real figure for oil* leaving Iran is much lower.

According to an oil man just back from Kharg Island, on one day last week only one tanker was loading and none were waiting their turn. While this may have been exceptional, shipping statistics for June suggest that an average of 2.7m b/d left Iran, compared with the 3.3m b/d claimed by the Government.

Among possible reasons for the production decline put forward here are the known shortage of oil tankers in the Gulf region and technical problems with oil wells. Many wells are said to be overdue for their regular "work-over." The possibility that further acts of sabotage from autonomy-seeking Arab Iranians have been taking *place cannot be ruled out,* either.

However, the apparently exceptionally low level of *exports can mean only that the* remainder is being stockpiled. Reports reaching Tehran say the national oil company is *increasing its storage capacity on* Kharg Island.

This would serve to cushion oil exports in the event of *another serious blow-up in the* disaffected Arab community affecting output in the oilfields.

The decline in exports has *not so far affected two of Iran's* biggest customers, BP and Shell, which have been taking 380,000 bd and 150,000 bd *respectively.*

The Government's latest batch of oil statistics showed that in the week to July 27 the *split between light and heavy* grades of crude sent for export was 55-45 per cent, a decline in the proportion of the *higher-quality light.*

Iran makes peace with Kurds, Page 3

Plant operator blamed for nuclear reactor accident

BY DAVID BUCHAN IN WASHINGTON

THE Three-Mile Island nuclear reactor accident in the U.S. could have been prevented, had the plant's operators followed standard safety procedures.

This conclusion of a Nuclear Regulatory Commission report, released yesterday, appeared to exonerate the builders of the Pennsylvania nuclear plant, Babcock and Wilcox. But commission officials said further investigation was needed before any decision could be made on whether to penalise Metropolitan-Edison, the plant's owner and operator.

The commission's study takes the operators to task on many counts citing 19 possible safety violations. These include failing to declare an emergency immediately the Three-Mile Island accident happened on March 28, and allowing leaks of radioactive gas into the atmosphere in the following month to exceed Federal safety limits by a very large margin.

The report says: "The design of the plant, the equipment that was installed, the various accident and transient analyses, and the emergency procedures were adequate, if they had been permitted to function or be carried out as planned."

The report on its own is unlikely to influence the U.S. Government on the future of nuclear power development. President Jimmy Carter has said that he is awaiting a report, expected in a few months, from the Kemeny Commission into nuclear safety.

BP Nigeria gas stake in doubt

BY MARK WEBSTER IN LAGOS

***BRITISH PETROLEUM* faces a dilemma over its 10 per cent stake in a proposed liquefied natural gas project in Nigeria *which was excluded from the* nationalisation decision earlier this week.**

The project, costing several *billion dollars, was apparently* overlooked when BP's other Nigerian interests were taken over by the Government. Oil *industry officials* say it is not clear whether the Government forgot about the holding in the Bonny LNG Company or whether it wanted to hit only BP's oil interests.

BP may be unwilling to maintain its interest in the country in the present climate, the officials say.

In London it was pointed out that the project partners had not yet committed themselves to building the plant, terminal and shipping facilities. Much would depend on the market conditions for LNG. According to Petroleum Economist, Nigeria has 1,140bn cubic metres of natural gas reserves, some 1.7 per cent of the world's reserves.

"At the moment we cannot say anything about what the future of our interest in the project will be," BP said.

But for the time being BP appears to be keeping up its interest and a BP representative is expected to come from London for next week's annual general meeting of Bonny LNG. Without BP it would be impossible to form a quorum as all six shareholders have to be present.

The Nigerian Government nationalised all BP's other interests in the country in retaliation for BP's intention to ship oil to South Africa, according to a statement from the Federal Military Government. Nigeria seized BP's 20 per cent equity stake in the joint operating company Shell-BP as well as BP's share of its marketing company.

The Nigerian Government is also the majority shareholder in the Bonny LNG project with 60 per cent of the equity. Shell and BP each have 10 per cent while Agip, Elf and Phillips share the remaining 20 per cent. BP now has the choice of selling its equity, defaulting on the contract or waiting until the contract runs out in 18 months before deciding what to do.

Japan may have deficit of £2.2bn

HIGHER OIL prices could push Japan's current account this fiscal year into the red by as much as £2.2bn, the largest such deficit on record, Mr. Teiichiro Morinaga, Governor of the Bank of Japan, warned yesterday.

Private estimates of the current account for the year ending next March have tended to be much lower. They were generally between £900m and £1.3bn, compared with a surplus of £5.3bn last fiscal year. But there was little surprise in the Finance Ministry, where unofficial forecasts have put the deficit close to Mr. Morinaga's.

The Central Bank Governor is basing his forecast on the prospect that Japan's oil bill this year will rise by about £4.4bn. The sudden increase in imports will not be matched by a rapid expansion of exports. But sources at the Economic Planning Agency generally view the £2.2bn *figure* as too high.

The record for a current account deficit in Japan was set in fiscal 1973 after the oil crisis at £1.7bn. Two years ago the country ran up its largest current surplus on record of £62bn.

● The Ministry of Finance is gradually phasing out a system of official financing of imports which will increase Japanese commercial bank dependence *on short-term dollar borrowings* from overseas. The system, started in 1969, had been designed to lessen Japan's *dependence on foreign currency* borrowing and reduce increasing official foreign currency reserves.

Under the system, Japanese banks borrow yen from the Bank of Japan at or near the official discount rate and then swap the yen for dollars from the Ministry of Finance. Those dollars in turn are borrowed by Japanese importers to pay for imports.

With Japan's trade and current account surpluses and reserves much reduced, officials see no need to continue the system.

Weather

UK TODAY

SHOWERS, some sunny intervals, generally rather cool.

London, S.E. and Cent. S. England, E. Anglia, Midlands, Channel Isles

Showers, some sunny intervals, rather cool. Max. 19C (66F).

E., N.E., N.W. and Cent. N. England, Lakes, I. of Man, N. Ireland

Showers, becoming brighter. Max. 17C (63F).

S.W. England, Wales

Showers, sunny intervals. Max. 20C (68F).

Borders, Edinburgh, Dundee, Aberdeen, Glasgow, S.W. Scotland, Cent. Highlands, Argyll

Showers, sunny intervals. Max. 15C-17C (59F-63F).

Moray Firth, Northern Scotland, Orkney, Shetland

Showers, sunny intervals. Max. 13C-15C (55F-59F).

Outlook: Dry, sunny, and warm, becoming cloudy with rain spreading East on Sunday.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	28	82	Lisbon	C	23	73
Algiers	S	32	90	Locarno	F	27	81
Amstdm.	C	19	66	London	R	18	64
Athens	S	37	99	Luxmbg.	R	14	57
Bahrain	S	34	93	Madrid	S	30	86
Barclna.	S	28	82	Majorca	S	30	86
Belfast	R	14	57	Malaga	S	34	93
Belgrd.	S	35	95	Malta	S	31	88
Berlin	C	21	70	M'chstr	C	15	59
Biarritz	F	25	77	Melbrne.	S	11	52
Bmghm.	F	19	66	Mex. C.	S	23	73
Blackpl.	C	14	57	Milan	F	30	86
Bordx.	C	24	75	Mntreal.	C	24	75
Boulgn.	F	17	63	Moscow	R	23	73
Bristol	F	19	66	Munich	S	28	82
Brussels	F	20	68	Nairobi	C	20	68
Budpst.	S	33	91	Naples	F	28	82
B. Aires	S	12	53	Nwcstl.	S	18	64
Cairo	S	36	96	N. York	C	28	82
Cardiff	C	18	64	Nice	S	26	79
Cas'blca	C	24	75	Oporto	R	19	66
Cape T.	S	19	66	Oslo	F	18	64
Chicago	S	23	73	Paris	F	21	70
Cologne	F	21	70	Perth	S	10	50
Cpngn.	S	19	66	Reykjvk.	C	11	52
Dublin	R	16	61	Rhodes	S	31	88
Dbrvnk	S	30	86	Rio J'o	S	26	79
Ednbgh.	C	18	64	Rome	S	30	86
Faro	S	29	84	Salzbrg.	S	29	84
Florence	F	31	88	Singapr.	S	30	86
Frankft.	C	20	68	Stckhm.	C	17	63
Funchal	S	24	75	Strasbg.	C	24	75
Geneva	C	23	73	Sydney	S	13	55
Gibrltr.	S	28	82	Tangier	F	24	75
Glasgow	C	18	64	Tehran	S	29	84
G'rnsey	S	17	63	Tel Aviv	S	28	82
Helsinki	F	21	70	Tenerife	S	21	70
H. Kong	C	24	75	Tokyo	C	32	90
Innsbrk.	S	27	81	Toronto	C	25	77
Invrnss.	C	15	59	Tunis	S	34	93
I.o.Man	C	14	57	Valencia	S	30	86
Istanbul	S	30	86	Venice	S	31	88
Jersey	F	18	64	Warsaw	F	27	81
Jo'burg	S	18	64	Zurich	F	27	81
L. Plms.	C	23	73				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

U.S. computer merger sought

BY DAVID LASCELLES IN NEW YORK

TWO LARGE U.S. computer companies, Amdahl and Memorex, announced yesterday that they were exploring the possibility of a *merger.*

Their brief announcement gave no details. The proposed deal would be worth about $250m, and could reduce both companies' vulnerability to new developments at IBM, the electronics giant whose technology has a decisive influence on the market.

Amdahl, of Sunnyvale, California, is the tenth largest U.S. computer-maker. It was founded nine years ago by Dr. Gene Amdahl, a former IBM engineer who designed many early IBM computers.

After a meteoric rise in which revenues rose from $14.4m in 1975 to $321m last year, Amdahl's pace has slowed recently. *Earnings by mid-year* showed little or no growth, and the company's shares have dropped from $71 to $28.

Amdahl's problems are related directly to uncertainty over IBM's next step in the computer market. Potential computer *customers have delayed their* purchases or gone over to short-term *leasing to avoid* committing themselves to technology which could soon be out of date.

Memorex also in California, *makes peripheral equipment* for computers. Its earnings also have levelled out in recent months.

In its latest quarterly report on July 17 it blamed IBM's "aggressive actions," which *brought down prices and caused* customers to delay purchase decisions.

The proposed link has the *logic of bringing together* a maker of computers with a manufacturer of peripherals. Combined, the two could expect revenues of over $1bn, making them about seventh in the computer industry league.

Continued from Page 1

Coal Board loss

tonnes on last year, at 119.9m tonnes. Opencast production slipped slightly for the first time since 1974, from 13.6m tonnes in 1977-78 to 13.5m tonnes last year. Deep-mined output stood at 105.3m tonnes compared with 106.1m *tonnes in 1977-78.*

● Productivity rose significantly —by 2.2 per cent overall, and by 7.9 per cent at the face. However, *Sir Derek said yesterday* that productivity was down again in the first half of this year, though it had begun to *improve slightly* once more in recent weeks.

● Capital expenditure rose by 36 per cent, with a 40 per cent increase in major colliery projects. Total mining capital expenditure stood at £454m, compared with £334m last year. Since the Plan for Coal was agreed in 1974, investment has been committed for 40m tonnes of new capacity.

● The *number of fatal* and serious accidents was down from 569 in 1977-78 to 552 last year. However, the number of deaths within that figure rose from 48 to 72.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.

هكذا من الأصل